



Daily Report

East Asia

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Japan

USSR Tests Cruise Missiles in Sea of Japan

OW250821 Tokyo KYODO in English 0810 GMT
25 Dec 87

[Text] Tokyo, Dec. 25 KYODO—The Soviet Union has been testing its newly developed "SS-NX-21" cruise missiles at sea centering in the northern part of the Sea of Japan, according to Defense Agency sources.

The sources said that the missiles were launched from an Akula class attack submarine, noted for producing little propeller noise.

The United States earlier said the Soviet Union had succeeded in building less noise producing submarines with machines imported from a subsidiary of Japan's Toshiba Corp.

The Soviet Union has put two Akula class submarines in service since 1984. A third was launched recently and a fourth is under construction.

The Defense Agency sources said the Soviet Union is using the first Akula class submarine it built in 1984 for the missile testing.

They said the missiles have been fired from near Vladivostok toward Aniva Bay, Sakhalin.

The sources declined to give details of the tests but said it is possible the Soviets are in the final testing stage before the missiles are ready for actual deployment.

According to the U.S. Defense Department's publication on Soviet military power, SS-NX-21 is a "sea version" of the air-launched AS-15 missile. The nuclear-tipped SS-NX-21 missile's range is about 3,000 kilometers or about the same as that of U.S. Tomahawk missiles.

The SS-NX-21 missile is capable of being launched from conventional Soviet submarine torpedo launching tubes. The Soviet Union is said to be planning to arm the Victor, Akula and Sierra class submarines with these missiles.

Patrol Seizes Soviet Trawler Off Miyagi

OW251227 Tokyo KYODO in English 1200 GMT
25 Dec 87

[Text] Sendai, Dec. 25 KYODO—A Japanese Maritime Safety Agency patrol boat seized a 3,337-ton Soviet factory-fishing trawler off Miyagi Prefecture Friday afternoon on charges of failing to keep correct fishing records in violation of a provisional law governing fishing waters.

The Patrol Boat "Iwaki" of the Onahama-based Maritime Safety Regional Headquarters took the large-scale refrigerating trawler "Globus", with a crew of 95, into custody about 52 kilometers off Kikazan, Miyagi Prefecture, agency officials based at Shiogama City said.

The Japanese officials found the Soviet ship had failed to keep correct records about three fishing stints earlier this month.

The incident was the sixth involving detention of Soviet fishing vessels by Japanese authorities around Japan this year.

USSR Envoy Says Airspace Violated by 'Mistake'

OW251135 Tokyo KYODO in English 1107 GMT
25 Dec 87

[Text] Tokyo, Dec. 25 KYODO—The Soviet Union told Japan Friday the violation of Japanese airspace over Okinawa by a Soviet plane on December 9 was a mistake and said it will punish the pilot of the plane.

Foreign Minister Sosuke Uno told reporters that Soviet Ambassador to Tokyo Nikolay Solovyev called on Kazutoshi Hasegawa, director general of the Foreign Ministry's European and Oceanic Affairs Bureau, the same day to convey the Kremlin's view.

Solovyev said the Soviet plane, a TU-16, had experienced equipment trouble while returning to Vladivostok from Vietnam. The pilot, Solovyev said, saw a scrambling Japanese plane, but turned his plane to the right by mistake, resulting in the violation of Japanese airspace.

The plane had no reconnaissance equipment aboard, Solovyev said.

The envoy said the Soviet Union will take proper measures to prevent the recurrence of similar incidents, including an order for pilots to return to their bases if in trouble, flying in groups, improvement of the Tu-16 planes themselves and strengthened training of pilots.

The Kremlin will also reduce the offending pilot's rank, the envoy said.

Hasegawa was quoted as replying that he took note of the report.

Japan lodged a strong protest with the Soviet Union on December 10 over the airspace violation and asked for explanations of the incident through diplomatic channels. But the Soviet Union made its initial explanation to reporters in Moscow and therefore Japan pressed again for further information through official channels.

Ministry 'Regrets' USSR's Afghanistan Role
OW270459 Tokyo KYODO in English 0410 GMT
27 Dec 87

[Text] Tokyo, Dec. 27 KYODO—The Foreign Ministry on Sunday released a statement expressing regret over the continued Soviet military presence in Afghanistan despite the international community's repeated calls for a quick pullout.

The ministry released the statement on the eighth anniversary of the Soviet move into Afghanistan.

The statement clarified the Japanese Government's position of supporting a political solution to the Afghan conflict and continued cooperation with other countries to promote such a solution. The statement called for an immediate and total withdrawal of Soviet troops, the political independence of Afghanistan, respect for the Afghan people's right to self-determination and a safe and honorable return of more than 5 million Afghan refugees.

In the statement, Japan also reiterated its support for the efforts by UN Secretary General Javier Perez de Cuellar for a political settlement of the Afghan issue.

[Word indistinct] expressed a strong hope that indirect talks between Afghanistan and Pakistan, expected to be resumed next month, would make solid progress.

Meeting With DPRK on Seamen To Be Requested
OW251153 Tokyo KYODO in English 1121 GMT
25 Dec 87

[Text] Tokyo, Dec. 25 KYODO—Japan will again urge North Korea to offer an opportunity to Japanese quarters concerned to meet with two Japanese seamen detained in North Korea and reportedly sentenced to 15 years of reformation through labor on espionage charges, a senior Foreign Ministry official said Friday.

The (North) KOREAN CENTRAL NEWS AGENCY reported Thursday that North Korea had sentenced the two, Isamu Beniko, captain of the refrigerating ship "No. 18 Fujisan Maru", and Yoshio Kuriura, the ship's chief engineer, on spying charges.

Beniko and Kuriura have been kept under custody since 1983 after their ship was found to have carried a North Korean soldier, Ming Hong-ku, who had stowed away on board, to Japan.

The official said that in the requested meeting, Japan wants to confirm whether North Korea put the two seamen on trial, learn about possible further court procedures and affirm whether the two are in good condition or not.

The official did not disclose the site of such a meeting, to be requested in one or two days. Japan has no diplomatic relations with North Korea.

The official said Haruhiko Shibuya, deputy director general of the Foreign Ministry's Asian Affairs Bureau, informed the two seamen's wives, Mineko Beniko and Tamiko Kuriura, earlier in the day of the intended government action by telephone.

Shibuya told them that Japan regrets the reported sentence and conveyed a message from Foreign Minister Sosuke Uno saying that the government will do its utmost to secure their husbands' return to Japan.

Early Release Sought

OW250525 Tokyo KYODO in English 0350 GMT
25 Dec 87

[Text] Tokyo, Dec. 25 KYODO—Prime Minister Noboru Takeshita and Foreign Minister Sosuke Uno Friday agreed to make all-out efforts to gain the early release of two Japanese seamen sentenced to a 15-year confinement in North Korea for espionage.

Uno met Takeshita at the prime minister's official residence and reported on the ruling handed down Thursday to Osamu Beniko, 57, and Yoshio Kuriura, 56, who have been held in North Korea since late 1983.

While regretting the ruling, Uno later told reporters that the government will contact North Korea officials (in China) for early release of the seamen.

Doi Appeals to Kim Il-song

OW271125 Tokyo KYODO in English 1157 GMT
25 Dec 87

[Text] Tokyo, Dec. 25 KYODO—Japan Socialist Party leader Takako Doi sent a message to North Korean President Kim Il-sung Friday asking him to give "special consideration" to two Japanese seamen sentenced to 15-year labor terms on espionage charges.

The sentences were reportedly given Thursday to Isamu Beniko, captain of the refrigerating ship "No. 18 Fujisan Maru", and Yoshio Kuriura, the ship's chief engineer.

They have been under North Korean custody since 1983 after their ship was found to have carried a North Korean soldier, Ming Hong-ku, who had stowed away on board the ship, to Japan.

The (North) KOREAN CENTRAL AGENCY (KCNA), reporting the sentences Thursday, said the two Japanese were put on trial for systematically spying on North Korea and abducting a North Korean citizen on "the order of a Japanese intelligence organ."

The Japanese Government last month freed the North Korean soldier, under confinement since he reached Japan in November 1983 in an attempt to defect to South Korea, triggering bitter reactions from North Korea.

Meeting reporters at the Diet building Friday, Doi blamed the government for failing to sincerely negotiate the release of the two seamen with North Korea.

Doi visited Pyongyang in September and agreed with President Kim that authorities of the two countries should hold consultations on the release of the two.

"The government has neglected its efforts to solve the problem and has been doing everything to worsen bilateral relations," Doi said.

Japan and North Korea have no diplomatic relations between them.

Miyazawa Announces BOJ Intervention

*OW280901 Tokyo KYODO in English 0803 GMT
28 Dec 87*

[Text] Tokyo, Dec. 28 KYODO—Finance Minister Kiichi Miyazawa said Monday that the Bank of Japan [BOJ] conducted a full-scale intervention in the currency market Monday to prop up the faltering U.S. dollar.

Miyazawa made the remark in the wake of the yen's renewed appreciation during the day to close at a record postwar high of 123.55 yen against the dollar.

He said the intervention was fully in line with the accord on Economic Policy Coordination, reaffirmed by the Group of Seven (G-7) major monetary nations last Wednesday, hinting that the G-7 have been coordinating to support the dollar.

He also expressed optimism over the future direction of the currency market, saying that market participants appear to be remaining on the sidelines prior to the new year holidays due partly to uncertainty about the prospect of an improvement in the U.S. merchandise trade imbalance.

Defense Budget Continues To Grow

*OW271349 Tokyo KYODO in English 1258 GMT
27 Dec 87*

[Text] Tokyo, Dec. 27 KYODO—The Finance Ministry Sunday decided to allocate 3,700.3 billion yen for defense outlays in fiscal year 1988 beginning next April, up 5.2 percent over the original defense budget for the current fiscal year.

The decision on the fiscal 1988 defense budget, which is to be formally approved at a cabinet meeting Monday evening, was reached during negotiations between Finance Minister Kiichi Miyazawa and Defense Agency Director General Tsutomu Kawara.

The planned outlays, which amount to 1.013 percent of Japan's projected gross national product (GNP) for fiscal 1988, exceeds the 1 percent ceiling of Japan's GNP for the second consecutive year.

Kawara said, however, the amount is equivalent to a 5.4 percent rise if the appreciation of the yen against the dollar is taken into account.

In the fiscal 1987 budget, the government of former Prime Minister Yasuhiro Nakasone scrapped the decade-old policy of holding down annual defense spending to below 1 percent of Japan's GNP.

The government set a policy in January this year of holding down defense spending to 18.4 trillion yen for the fiscal 1986-90 five-year defense buildup program period. Defense Agency officials said 57 percent of the defense buildup program will be achieved by the 1988 budget.

Current defense allocations total 3,517.4 billion yen for the fiscal 1987 budget, started in April, up 5.2 percent over the fiscal 1986 budget, or 1.004 percent of the projected GNP for fiscal 1987.

The Defense Agency had pressed for a 6.2 percent rise for defense spending in the fiscal 1988 budget.

The Finance Ministry set defense appropriations at 3,670.6 billion yen, up 4.4 percent from fiscal 1987 in its draft budget announced on December 23.

The Finance Ministry agreed to restore an earlier-dropped appropriation of 3.5 billion yen for the initial cost of building a destroyer equipped with the sophisticated U.S. Aegis missile system.

The 7,200-ton Aegis ship, to be modeled after the Arleigh Burke-class guided missile destroyer of the U.S. Navy, would cost 122 billion yen, of which the Defense Agency had requested 3.8 billion yen in the fiscal 1988 defense budget. The Defense Agency plans to have the first Aegis ship commissioned in fiscal 1992.

The Finance Ministry also approved an appropriation of 2.2 billion yen for the initial development cost of Japan's next generation support fighter, known as the FSX. Japan decided in October this year to develop the FSX, to be deployed in fiscal 1997, jointly with the United States by modifying General Dynamics Corp.'s F-16. The total development cost for the FSX is expected to reach 165 billion yen. The agency plans to produce a total of 130 of the advanced aircraft.

The government defense budget includes 36 million yen for geographic research on the possible installation of an over-the-horizon (OTH) radar on Iwo Jima Island in the Western Pacific, 1,200 kilometers south of Tokyo.

The Aegis ship and the OTH radar are vital to boost Japan's maritime air defense capability to counter an increased threat of air attack, Defense Agency officials said.

The Finance Ministry also approved the agency's request of 50 million yen for construction of an antisubmarine warfare center at Yokosuka. Japan and the U.S. agreed in October this year that Japan will install the center to file and analyze data on Soviet submarines. The construction of the center is expected to cost 15 billion yen and is to be utilized jointly with the U.S. Navy.

The new budget allocates 120.3 billion yen toward the cost of maintaining U.S. Forces stationed in Japan, up 10.7 billion yen or 9.8 percent over the current fiscal year—79.2 billion yen for the improvement of U.S. military facilities in Japan and 41.1 billion yen for the labor cost of 21,000 Japanese workers on U.S. bases.

Japanese workers on U.S. bases are paid in yen and the U.S. has urged Japan to increase its share of the burden as the dollar's value against the yen has declined by more than 45 percent since September 1985.

The Ground Self-Defense Force will also be allowed to procure six home-made SSM-1 surface-to-ship missiles and the Air Self-Defense Force will get 12 of the 15 F-15J fighters it wanted for fiscal 1988.

North Korea

U.S. Urged To Accept Arms Reduction Proposal *SK280643 Pyongyang Domestic Service in Korean* *0950 GMT 22 Dec 87*

[NODONG SINMUN 22 December commentary:
"What Is the United States Seeking To Achieve?"]

[Text] Even today, after several months have passed since we put forward a proposal for a massive phased military reduction and we have effected a unilateral reduction of 100,000 troops in line with that very proposal, the United States remains unresponsive to our proposal for military reduction.

As is highly appreciated by the world's broad social circles, the just-completed reduction of the People's Army, which was carried out amid a tense situation, is a clear manifestation of our people's firm will for peace and their ardent aspirations for reunification as well as a manifestation of our sincere effort for a breakthrough in military reduction.

Nevertheless, the United States has not responded to our proposal for military reduction. This proves that the United States does not want peace in Korea nor peaceful reunification there and that it draws no pleasure from easing tension on the Korean Peninsula. It was an insidious ruse for the U.S. ruling quarters to refuse to respond to our proposal for military reduction by smearing it as a disguised peace offensive and to claim that the proposal's lack of credibility was the reason for its refusal to respond.

If this is the only reason, they have no justification to ignore our proposal for military reduction now that we have set a living example of military reduction.

Even a news agency in the West, reporting on the KPA Supreme Command's report on the completion of the reduction of 100,000 army men, wrote that the trustworthiness of our proposal for military reduction had been proved by action.

In view of the situation on the Korean peninsula, where vast armed forces stand in an acute standoff across the Military Demarcation Line, effecting a unilateral reduction of such a large number of troops as 100,000 army men, is in no sense an easy task.

Our unilateral military reduction proceeds from the highest form of sincerity so as to create a breakthrough for military reduction at any cost. This being the case, there can be no such thing as excuses for harboring doubts about our proposal for military reduction.

Nevertheless, the United States still has not yet responded affirmatively to our proposal for military reduction. This leaves no room for any other interpretation than that the United States is bent on continuously pursuing division and war maneuvers on the Korean Peninsula and not easing tension there.

The genuine goal that the United States seeks to achieve is clearly explained in U.S. President Reagan's recent answers to questions raised by news organization in Asia and the Pacific. He said that reducing the U.S. forces stationed in South Korea goes against the national interests of the United States. The so-called national interests of the United States referred to by Reagan obviously means their aggressive interest in retaining South Korea as a permanent colony and military base and using it as a springboard for the invasion of the northern half of the Republic and the socialist countries in Asia, and, going one step farther, the whole of the Asian Continent.

Precisely because of such interests, the United States says it will neither withdraw nor reduce the U.S. forces occupying South Korea. Herein lies the reason why the United States doggedly opposes our proposal for military reduction and the reason for their sinister motives. The United States even persistently clings to an unreasonable logic in a bid to avoid taking responsibility for the settlement of the military reduction in Korea.

The U.S. ruling quarters' urging that the North and South sit face to face to settle the military reduction issue is a brazen-faced trick to dodge responsibility they should take as the party responsible for the the settlement of the military reduction in Korea.

Earlier, the U.S. ruling quarters had admitted that the United States is responsible for easing tension on the Korean Peninsula. Back in April, a few months before we put forward the proposal for military reduction, U.S. President Reagan made clear in an interview with the Japanese newspaper ASAHI that the United States is responsible for easing tension on the Korean Peninsula.

However, the United States now remains persistently unreasonable in a bid to avoid taking responsibility for easing tension on the Korean Peninsula, including the issue of military reductions. This demonstrates how brazen-facedly the U.S. ruling circles behave in a bid to refuse our proposal for military reduction.

Under no circumstances can the United States avoid taking the responsibility for being the party to settle the issue of military reduction in Korea, nor can it cover its dark intentions against our fair proposal for military reduction, whatever trick it may employ.

If the U.S. quarters want peace in Korea and its peaceful reunification, they should accept our proposal for military reduction without complaint.

Attack on U.S. Cultural Center Praised

SK280444 Pyongyang Domestic Service in Korean
0950 GMT 23 Dec 87

[NODONG SINMUN 23 December commentary: "Due Protest"]

[Text] On 21 December, youths and students in Kwangju attacked the U.S. Cultural Center there. It is extremely natural for youths and students who have been enraged by the fabrication of a victory for No Tae-u in the election to direct the spearhead of attack against the United States. The attack is an eruption of wrath against the U.S. imperialists, who wirepulled the fabrication of the victory of No Tae-u, a pro-U.S. flunkeyist traitor and military hooligan, behind the scenes. It is an expression of firm resolve and will to put an end to the U.S. imperialists' colonial rule over South Korea and interference in it.

Even though the presidential election was held in South Korea, its scenario was drawn up in Washington and it was a drama for usurping power which was performed by the U.S. imperialists' field servants. The virtual rulers of South Korea are the U.S. imperialists, and nothing that does not conform to the interests of the United States is permitted there.

It was because of the U.S. support that traitor No Tae-u, who had no substantial power and was nominated merely as a presidential candidate, was able to make the decision on the direct election system and cook up his victory in the election while being forsaken by many people.

Traitor No Tae-u once told Reagan that he needed U.S. support to win the election. Conceiving a scheme to maintain the pro-U.S. military dictatorship in South Korea by handing the baton of fascism over to traitor No Tae-u, their tainted lackey and military hooligan, the U.S. imperialists actively backed his victory from the outset. The U.S. imperialists made traitor No Tae-u announce the 29 June declaration containing the acceptance of the direct election system. This was a prelude to such operations.

The United States summoned traitor No Tae-u and gave him a license for taking power, praising him as the standard-bearer of democratization. Also, they conspired to conduct concrete operations designed to fabricate his victory.

To split and crush democratic forces which would confront traitor No Tae-u, the U.S. imperialists caused the division of the opposition party through despicable behind-the-scenes manipulation and plotted for the failure to field the single candidate by the democratic forces.

Not content with this, the U.S. imperialists threatened the opposition candidates, spreading a rumor about a coup d'etat, and maneuvered to alienate the masses from them.

In this way, traitor No Tae-u's victory was cooked up. No sooner had the victory of traitor No Tae-u been fabricated and announced than President Reagan, the spokesman for the White House, the spokesman for the Department of State, the assistant secretary of state, and others came out to cover the frauds and swindles of the puppet traitor with phrases of "welcome," "a big stride toward democracy," and "the South Korean people have obtained almost what they want." Also, the United States is giving a shot in the arm to the wretch, talking about close cooperation. This exposes the United States as having cooked up traitor No Tae-u's victory.

The South Korean people are waging a powerful struggle against the fabrication of traitor No Tae-u's victory, branding the election as the largest-ever fraudulent and deceptive election. Voices crying for punishing No Tae-u, overthrowing the military dictatorship, and nullifying the election results are being echoed everywhere. Even Americans who witnessed the process of the election do not deny that there were frauds and swindles.

How can youths and students consumed with patriotism remain idle and indifferent to the situation in which the absolute majority of the South Korean people is rising up in anger at the fabrication of traitor No Tae-u's victory

but where the United States is praising the victory of the military hooligan, who is subject to punishment, and even embellishing it as a big stride toward democracy?

Over the course of the election the South Korean people have clearly recognized once again the true color of the United States as a colonial ruler. Having been awakened to the fact that as long as there is no end to the U.S. imperialists' domination and interference, aspirations for democratization cannot be brought to blossom, the people will raise a stormy wind of anti-U.S. struggle all over South Korea. The U.S. imperialists will no longer endure in the flames of this fierce anti-U.S. struggle.

U.S.-Japan Military Coordination Viewed
SK261036 Pyongyang KCNA in English
1020 GMT 26 Dec 87

[Text] Pyongyang December 26 (KCNA)—MINJU CHOSON today denounces the U.S. imperialists and the Japanese reactionaries for craftily scheming to make a joint study of the adventurous "star wars" program, while extensively staging various joint military exercises.

Whenever they committed a large scale joint military exercise this month they said they were "defensive". But actually they were offensive, a signed commentary of the paper says, and goes on:

This proves how frantically the U.S. and Japanese reactionaries [words indistinct] up their preparations for a war of aggression against others under the pretext of "defence".

Their preparations for a new war are also clearly proven by their schemes to jointly develop weapons and actively promote the study of the "Star Wars" program.

The U.S. administration and the Japanese reactionaries are mobilising a large number of research institutes and enterprises and introducing a colossal amount of fund and ultra-modern science and technology in the study.

The U.S. imperialists are going ahead with the launching test of intercontinental ballistic missiles and frantically stepping up the preparations for a nuclear war even after the signing of the Soviet-U.S. agreement on eliminating intermediate- and shorter-range missiles.

The military tie-ups between the U.S. and Japanese reactionaries and their ever expanding war manoeuvres are an open challenge to the world's peaceloving people. The U.S. and Japanese reactionaries must immediately give up their war manoeuvres as demanded by the times and the world's people.

Daily Sees U.S.-South Korea-Japan Alliance
SK251024 Pyongyang KCNA in English
1014 GMT 25 Dec 87

[Text] Pyongyang December 25 (KCNA)—There has not yet been a formal signing and announcement of a treaty on the aggressive U.S.-Japan-South Korea military alliance but it actually exists and actively moves along the orbit of Korean strategy, Asian strategy of the U.S. imperialists, says NODONG SINMUN today in an article titled "Dangerous Three-Way Military Alliance Moving Toward Aggression".

Noting that the alliance is a product of the reactionary Asian strategy of the U.S. imperialists and it increases danger of war in Korea and aggravates the situation in Asia, the paper says:

In forming the three-way military alliance with Japan and South Korea under the cloak of "collective security", the United States pursues, among other things, the aim of attaining "military superiority" in the Asian region and using the Japanese reactionaries and the South Korean puppets as a shock brigade in the "anti-communist crusade invasion" of the DPRK and socialist countries.

The United States, Japan and South Korea are closely linked with each other triangularly under the "security pact" between the United States and Japan, the "Mutual Defence Treaty" between the United States and South Korea and "treaties" of political and military nature that exist between Japan and South Korea. This proves that the triangular military alliance system now exists, in fact.

The growing military potentials of the United States, South Korea and Japan in the Northeast Asian region increases the real danger of the three-way military alliance.

The spearhead of the triangular military alliance is directed against the northern half of Korea. All the military moves are geared to it. The aggressive bases and forces targetted against the DPRK are being steadily reinforced in and around South Korea, and the U.S. forces and the South Korean puppet army there are ready to go into action any time.

The Japan "Self-Defence Forces" stationed in western Japan near the Korean peninsula are also ready to rush to the Korean front any moment. All the joint military exercises of the United States, Japan and South Korea are staged under the simulated conditions of a Korean War.

All facts go to prove that the triangular military alliance is, in fact, an aggressive military bloc against the DPRK and other socialist countries.

Daily Says U.S. Aims 'To Stifle' Nicaragua
SK260439 Pyongyang KCNA in English
0429 GMT 26 Dec 87

["Foolish Attempt"—KCNA headline]

[Text] Pyongyang December 26 (KCNA)—NODONG SINMUN today denounces the contras bandits for perpetrating armed provocations against Nicaragua and bestially murdering guiltless inhabitants under the backstage manipulation of the U.S. imperialists.

The paper in a signed commentary notes that it is not accidental that the atrocity of Nicaraguan counter-revolutionary bandits is timed to coincide with a series of anti-Nicaraguan manoeuvres of the U.S. imperialists, and says:

The U.S. imperialists are encouraging the contras bandits to anti-Nicaraguan manoeuvres to make it appear as if the tense situation of Nicaragua were an internal affair and wave off the spearhead of condemnation directed against them and put pressure upon Nicaragua to step back from the just stand.

Facts prove that the U.S. imperialists are not interested at all in a peaceful solution of the Central American problem but are trying to stifle the Nicaraguan revolution by "strength".

Unless the aggressive and interventionist machinations of the U.S. imperialists are checked and frustrated, the Central American problem cannot be settled in a peaceful way nor can a threat to the independence and sovereignty of Nicaragua be dispelled.

The U.S. imperialists are the ringleader in obstructing the settlement of the Central American problem and threatening peace in this region.

By no means or tricks can the U.S. imperialists call a halt to the victorious advance of the Nicaraguan revolution.

Shevardnadze Discusses Mutual Cooperation
SK260424 Pyongyang KCNA in English
0417 GMT 26 Dec 87

[Text] Pyongyang December 26 (KCNA)—Kim Yong-nam, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, vice-premier of the Administration Council and foreign minister, on his way home after his African tour met and had a conversation in Moscow on December 23 with Eduard Shevardnadze, member of the Politbureau of the Central Committee of the Communist Party of the Soviet Union and foreign minister of the USSR.

The two foreign ministers discussed the need to strengthen mutual cooperation between the two countries in the spirit of talks between Comrade Kim Il-song and Comrade Mikhail Gorbachev held in Moscow in October 1986.

Eduard Shevardnadze said that the Soviet Union would firmly support in the future, too, the DPRK's proposals for easing the political and military tensions on the Korean peninsula, continuing constructive dialogue between the North and the South, turning the Korean peninsula into a nuclear-free zone and materialising the massive arms reduction in the North and the South.

Cuban Envoy on Attending Olympics, Cohosting
SK251400 Pyongyang Domestic Service in Korean
1300 GMT 25 Dec 87

[Text] On the occasion of the 29th anniversary of the victory of the Cuban revolution, the Republic of Cuba's ambassador to our country, Ricardo Sigas Danza, held a press conference at the Cuban Embassy today.

Present at the news conference were reporters of newspapers, news agencies, and broadcasting stations in Pyongyang; functionaries from the publication domain at foreign embassies in our country; and foreign correspondents.

At the news conference, Ambassador Ricardo Sigas Danza made some remarks. He pointed out that the Cuban people took power by overthrowing the pro-U.S. Batista dictatorship 29 years ago under the leadership of Comrade Fidel Castro Ruz. He introduced the successes attained by the Cuban people in the revolution and construction by repelling various aggressive maneuvers of the U.S. imperialists since the victory of the revolution.

Referring to the international situation, he said that Cuba tenaciously supports the demand of the nonaligned countries for peace and progress and opposes various maneuvers of the imperialists' for aggression and war.

He denounced the U.S. imperialists for perpetrating various maneuvers against the DPRK on the pretext of the 24th Olympics and stressed that he again declares the position of Cuba not to participate in the Olympics unless they are cohosted by North and South Korea.

He stated that he expresses full support for all proposals made by the DPRK, led by respected leader of the Korean people President Kim Il-song, for the independent and peaceful reunification of the nation and for the Korean people's struggle to realize them.

Japan's Military Expenditures Criticized
SK270841 Pyongyang KCNA in English
0834 GMT 27 Dec 87

[Text] Pyongyang December 27 (KCNA)—NODONG SINMUN today accuses the Japanese government of appropriating 3,670.6 million yen, 4.4 percent higher than the present fiscal year, for the military expenditure of the fiscal year 1988.

In a signed commentary the paper says:

The Japanese government's military budget, much more than this year's which already surpassed the limit line of one percent, shows that the present reactionary ruling circles of Japan are taking the road of building up military power in the interests of the monopoly capital and militarist circles as the Nakasone government did.

The Japanese government's step for expanding military expenditure gives a full proof of the vows of the revived militarists of Japan to step up militarization for reinvansion of Asia.

Especially, it is closely related to the manoeuvres of the U.S. imperialists to ignite another war of aggression in Korea.

The Japanese ruling circles abolished the one percent limit line of military expense and are now seeking unlimited arms expansion. This clearly proves that they are stepping up military preparations in a bid to join the U.S. imperialists in a new war of aggression on Korea and achieve their ambition for reinvansion of Korea.

The Japanese government's expansion of military budget for next year cannot be construed otherwise but a dangerous step for armaments expansion to build up military power.

The Korean and other Asian peoples are keenly watching the moves of the U.S. imperialists and the Japanese militarists.

Kim Il-song Addresses WFDY Banquet
SK251102 Pyongyang Domestic Service in Korean
2200 GMT 8 Dec 87

[Speech by Kim Il-song at banquet for the delegates to the meeting of the WFDY Executive Committee at the Kumsusan Assembly Hall on the evening of 8 December—read by announcer]

[Text] Dear delegates, comrades, and friends: I am glad to have this significant meeting with you, who are working to strengthen and develop the youth movement, and warmly welcome the members of the Executive

Committee, delegates of youth and student organizations from many countries, and delegates of international organizations who have come to our country to participate in the meeting of the WFDY Executive Committee.

It is of great significance that the meeting of the WFDY Executive Committee discusses the tasks of the joint struggle of youth organizations and their action program. I believe that the meeting will contribute to strengthening international unity and solidarity among young people and give impetus to the development of the youth movement throughout the world in their struggle against imperialism and colonialism and for peace, independence, and justice.

Mankind is now at a turning point in history, at the close of the 20th century, which has been full of dramatic events in the struggle for independence and sovereignty and for social progress and peace, and is looking forward to the advent of the 21st century, which will be full of hope. The current situation is characterized by the fact that the newly emerging forces that represent the new age of chajusong are growing and strengthening with every passing day, whereas the imperialist forces that stand for the old age are making desperate efforts to maintain their crumbling old position.

Imperialism, which has brought untold miseries and suffering to humanity, is continuing to dominate and plunder the developing countries by the cunning method of neocolonialism. Clinging to the policy of aggression and war and brandishing nuclear weapons, it is jeopardizing peace and increasing international tension everywhere.

The nature of imperialism has never changed. Aggression and plunder are imperialism's mode of existence. The imperialists are pursuing the policy of neocolonialism and nuclear threat in an attempt to find a way out, but this will only precipitate their ruin.

In view of the imperialists' persistence in the course of action that ignores and runs counter to current demands and the unanimous desire of the people, it is only natural for the progressive people throughout the world to fight against imperialism.

Without combatting imperialism, it would be impossible for the people of the world to establish new fair international relations, achieve their national independence and prosperity, or safeguard world peace and security.

Today the world's people are faced with a common historic task of frustrating the imperialists' aggression and plunder and building an independent and peaceful new world. You young people, in particular, must take the lead in this struggle. Young people are the new generation that represents the future of mankind. They are justice-loving and courageous and know no hesitation and fear. They can never allow the people to be

deprived of their rights to independence and become enslaved by the imperialist plunderers, nor can they tolerate mankind's falling victim to a criminal nuclear war.

The young people must not just wish to enjoy happiness; they must be a standard-bearer in the sacred struggle to win it. Only those who have this enterprising spirit can be the young people of the new age and as such are entitled to enjoy a genuine glory and a worthwhile life.

Young people must combat the imperialists' neocolonialist domination and plunder and fight to achieve their complete national independence and sovereignty, destroy the current unfair international economic system, and establish a new fair one.

To the young people who have beautiful ideals and high ambitions, peace is more precious than anything else. History shows that young people suffer most bitterly from war. They must rise up as one in the struggle against the imperialist moves to provoke a new war and in defense of peace. They must wage a stubborn struggle to check the nuclear arms race intensified by the imperialists, realize complete disarmament, and establish nuclear-free, peace zones.

Young people must actively support and encourage the peoples of all countries in their struggle to oppose colonialism and racism, to achieve national liberation and independence, to prevent aggression and war, and to safeguard peace.

In order to emerge victorious in the struggle against imperialism, they must strengthen international solidarity and cooperation.

Solidarity and cooperation are the sources of strength and the guarantees for victory. Today the imperialist forces are allied on an international basis. It is only when the progressive young people the world over fight in solid unity that they can deal a blow at the international imperialist forces and attain the aim of the anti-imperialist struggle. The progressive young people in all countries must firmly unite and closely cooperate with each other, regardless of their ideas, systems, religions, and political views.

The Korean people and youth have achieved their national independence through their long, drawn-out, arduous struggle against imperialism and built an independent and prosperous socialist state on this land, as we see today. However, the U.S. imperialists occupied South Korea in place of the Japanese imperialists and, as a result, our country has remained divided for more than 40 years and there is constant tension on the Korean peninsula. The U.S. imperialists have converted South Korea into an advanced nuclear base for invading our

Republic and other progressive countries of Asia and the rest of the world. This not only threatens the existence of our nation, but also constitutes a grave challenge to world peace.

Today, defending peace on the Korean peninsula is not only vital to the Korean people but also very important to all the peace-loving people in Asia and other parts of the world. The progressive young people the world over must naturally pay attention to the grave situation on the Korean peninsula and strengthen the solidarity movement in order to ease the tension and maintain peace on this peninsula. The support and encouragement of international friends is a great strength for the people and youth of the northern half of the Republic who are building socialism. It is also a powerful inspiration to the South Korean youth and students and other people who are courageously fighting under the banner of anti-U.S. independence and anti-fascist democracy.

The young people of Korea will, in the future too, exert every effort to strengthen international friendship and solidarity among the youth and remain faithful to the lofty idea and the great cause of the world youth movement.

Pyongyang, the capital of our country, will host the 13th World Youth and Student Festival in 1989.

Our youths and other people are attaching great importance to this festival, which will demonstrate the united strength of the world youths, and are making every effort to ensure that its functions will be excellent.

We hope that the WFDY and all other international and national youth and student organizations will closely cooperate to make the 13th World Youth and Student Festival a successful, grandiose festival of friendship and solidarity for youths and students on the five continents.

I am convinced that the meeting of the WFDY Executive Committee will be successful and bring forth excellent fruition through your joint efforts and propose to toast to the strengthening and development of the world youth movement, to the friendship and solidarity of the world's progressive young people, to world peace, to the health of the delegates of many youth organizations from many countries and international organizations who are participating in the meeting, and to the health of the comrades and friends who are here.

Anniversary of Constitution Marked
SK270821 Pyongyang KCNA in English
0808 GMT 27 Dec 87

[Text] Pyongyang December 27 (KCNA)—A grand meeting marking the 15th anniversary of the promulgation of the Socialist Constitution of the Democratic People's Republic of Korea was held Saturday at the People's Palace of Culture.

Attending the meeting were Yi Kun-mo, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and premier of the Administration Council; Kim Yong-nam, member of the Political Bureau of the WPK Central Committee and vice-premier of the Administration Council; Ho Tam and Yon Hyong-muk, members of the Political Bureau, and secretaries, of the WPK Central Committee; O Kuk-yol, member of the Political Bureau of the WPK Central Committee and chief of general staff of the Korean People's Army; Hong Song-nam, member of the Political Bureau of the WPK Central Committee and vice-premier of the Administration Council; and other senior officials.

Kye Ung-tae, alternate member of the Political Bureau, and secretary, of the WPK Central Committee, made a report at the meeting.

The reporter said that the great leader Comrade Kim Il-song enacted the Socialist Constitution of the Democratic People's Republic of Korea so that our people would have a new superior socialist constitution, a legal guarantee for the state and social life, and carry out with credit the cause of socialism and communism.

Noting that the DPRK socialist constitution is a *chuche*-based socialist constitution embodying the immortal *chuche* idea, the reporter continued:

The great leader Comrade Kim Il-song said:

"The *chuche* idea is the only guiding idea of our party and the guiding compass for all the activities of the government of our Republic. All the lines and policies of our party and the government of the Republic are based on the *chuche* idea and embody it."

Embodied in our socialist Constitution in a comprehensive way are the principles of the great *chuche* idea and its guiding principles.

It defines the *chuche* idea as the only guiding idea of the republic and makes this idea fully embodied in all fields of state activities and the social life, thus providing our Republic with a legal guarantee for its eternal prosperity as an independent socialist state.

Herein lies the sources of the greatness of the socialist Constitution of the Republic and its inexhaustible vitality.

Our socialist Constitution is an original one which newly innovates its component system and contents by applying the *chuche* idea, the reporter noted, and said:

Our socialist Constitution which lays down in an all-round way the revolutionary principles to be maintained in all fields of state building, state activities and social

life and the fighting tasks indicates a most correct way to organize and mobilize the popular masses and accelerate socialist and communist construction.

Comprehensively codified in the socialist Constitution of the republic are the *chuche*-based revolutionary theory on communism and strategic and tactical policies put forward and systematized in an integral way by the great leader Comrade Kim Il-song.

The Constitution also consummates the tasks and ways to thoroughly carry out the three revolutions, ideological, technical and cultural, a general line of our party in the construction of socialism and communism so as to accelerate the transformation of man, nature and society and successfully capture the ideological and material fortresses of communism.

Our constitution also defines it as revolutionary principles of state building and activities to make clear the class character of the socialist state, strengthen a state's unified guidance of the society, keep a firm hold on the class line and mass line and resolutely maintain the anti-imperialist, revolutionary stand, thereby providing us with a legal guarantee to thoroughly carry out the historic cause of the working class.

The reporter said that our socialist constitution is a popular one which ensures in an overall way the rights to independence of the working masses and fully realize democracy in all fields of state activities and social life.

The Socialist Constitution of the Democratic People's Republic of Korea is a great political code of laws which fixed by law the brilliant victory and successes achieved by our people in the revolutionary struggle and construction work under the banner of the great *chuche* idea and consummated the correct lines and policies of the Workers' Party of Korea and the Government of the DPRK. It is also an encyclopedia of the revolution and construction which clarified in a comprehensive way all the important tasks arising in carrying out the cause of socialism and communism and an immortal classical work which developed and enriched in a new way the revolutionary theory of the working class on the state and law.

With the successful promotion of the transformation of man, nature and society through the brilliant application of the socialist constitution, our country has reached a new higher stage of the revolutionary development capable of realizing the complete victory of socialism in the near future.

Our socialist constitution has become a powerful legal guarantee for accelerating the process of the revolutionary reform of society in all fields of ideology, technology and culture and giving an active impetus to the onward movement of our people for the complete victory of socialism and the reunification of the country.

The reporter called for embodying the *chuche* idea more thoroughly in all fields of the revolution and construction and continuing to brilliantly implement the principles of political, economic and cultural fields laid down in the socialist Constitution.

Papers here today dedicate editorials to the day of the socialist constitution of our country.

VNS Special Article on Lessons of Election

SK261230 (Clandestine) Voice of National

Salvation in Korean to South Korea 0300 GMT 21 Dec 87

[Special article by the Voice of National Salvation Editorial Department: "The 16 December Election and Our Lesson"]

[Excerpts] The 16 December government-organized presidential election, which was held amid the people's violent protests and denunciation, came to an end at last after a scenario written by Washington to fabricate No Tae-u's election was hastily staged. The general public's expectations of opening a genuine new chapter of democratic politics at a crossroads that may lead to extending the dictatorship or realizing democratization was completely destroyed as guns and bayonets and smear campaigns were rampant, and the dark cloud of the bloody dictatorship, which was extended, is again hovering heavily above the heads of the people. While seething through their teeth their anger for such betrayal, our people are loudly shouting that the election is thoroughly null and void and that the military rule must be completely overthrown. This [failure in democratization—fbis] is truly a damned and deplorable situation. Our masses, who witnessed the 16 December election from a correct viewpoint, again learned a serious lesson in blood from this situation. The people's judgment that under the current colonial military fascist dictatorship, a fair election cannot be held and democratization cannot be realized, was evidenced throughout the election.

As is recognized by all the people, the Chon Tu-hwan-no Tae-u DJP military dictatorship is a colonial ruling system devoid of independence, a fascist system devoid of democracy, and a dictatorial system for the ruling party's dictatorship. The 16 December presidential election was fundamentally an unprecedented fraudulent election, illegal acts being rampant while public power and monetary power were mobilized. [passage omitted]

The 16 December presidential election taught our people a serious lesson that as long as the United States persistently tries to maintain the DJP's current military dictatorship and as long as its political interference continues, democratization cannot be realized in South Korea and a fair election cannot be held. It was the United States that mapped out an election scenario for the so-called peaceful transfer of power and fabricated No Tae-u's election. It was the United States that knew better than anyone else that if a presidential election is held in a way that practically leads to a peaceful transfer

of power, [passage indistinct]. Therefore, to resolve the people's discontent and the chaotic political situation created by the 29 June declaration and other events and to help stabilize the current dictatorial ruling system, the United States presented a script for the presidential election based upon a direct election system and made every effort to lead the political situation into a phase for the DJP to regain power.

Successive visits to South Korea by Sigur, U.S. assistant secretary of state, and other official and non-official personages, in which they made frequent contacts with high-ranking ruling and opposition party post-holders, were junkets to smear [words indistinct] and resolve the crisis according to the remedy of the White House. It is the United States that sought to divide the democratic forces by presenting the strategy of reconciliation between the ruling and opposition parties. It is also the United States that made the three Kims [word indistinct] appear, thus making too many candidates compete against one another in the election. It is also the United States that advised the two opposition candidates to run in the election, promised its support, and prevented realization of the single candidacy, thus [words indistinct]

Even though the United States loudly talked about noninterference, claiming to stand for a fair election and neutrality, behind the scenes, it coordinated fraud to fabricate No Tae-u's election and carefully charted a scenario for canceling the election and for even staging a coup d'etat to cope with an emergency. Even while it announced that it would support whoever is elected president in South Korea, the United States made [the opposition candidates—fbis] compete against one another in the election. It did so from its judgment that it is very possible to fabricate No Tae-u's election because a system for a rigged election in which public power and monetary power exert influence was formalized. It also did so to maintain its colonial ruling system and guarantee the succession of the DJP's military dictatorial power by making its running dogs survive and by sacrificing the masses.

The political situation in this land is again led to an extreme circumstance in which the military dictatorship was extended and to a grave phase in which the task of democratization cannot but start from the very beginning. This is an inevitable result that was brought about by the colonial ruling policy of the United States and its interference in internal affairs [of South Korea]. All the facts that loomed during the 16 December election again show that the U.S. imperialists are the enemies of democracy, a cancer on society, and the arch-enemies of our people.

Our people, who witnessed the 16 December presidential election, learned another serious lesson from the recent situation: The historic truth that united we stand, divided we fall, and that struggle is the only means of

survival. In this election, which was held under unfavorable circumstances in which public power and monetary power were systematically used and in which the military dictatorial system instigated by the United States was rampant, what was necessary for the democratic forces was very solid unity. For this reason, the popular masses demanded that democratic forces, including opposition circles, be united and that a single opposition candidacy be realized. If all parties, factions, and personages of all walks of life, transcending differences in ideals, political views, political factions, and denominations, were united as one in opposing No Tae-u, their common enemy, the political situation would have been reversed and a new turning point for democratization would have been provided. [passage omitted]

If the democratic forces are divided according to party interests, party strategies, provinces, and factions, and if the opposition circles are divided into many groups to seek their personal interests and their ambitions for power, the United States and the No Tae-u group will applaud with delight and the realization of democratization will remain only a dream. This painful experience must not be repeated. [passage omitted]

It is a miscalculation to imagine that one will receive a gift of democracy from the No Tae-u group. Democracy must be realized through struggle. We believe that our masses must develop the anti-No Tae-u struggle into an anti-U.S. struggle. Without an anti-U.S. struggle, there is no democratization, independence, peace on the Korean peninsula, or peaceful reunification. Our people again made clear their will to reject the No Tae-u group and the United States, which supports it, by casting more than half of the votes [against them]. Our people, who have already declared the 16 December election null and void, will not allow the No Tae-u faction to take power [as heard] and will hasten the coming of the spring of democracy by waging an anti-U.S. and antifascist struggle.

South Korea

Meeting Held To Discuss U.S. Trade Measures SK270100 Seoul THE KOREA HERALD in English 27 Dec 87 p 1

[Text] Deputy Prime Minister Chong In-yong yesterday called in Minister of Finance Sa Kong-il and Minister of Agriculture and Forestry and Fisheries Kim Chun-ho to an emergency meeting to work on measures designed to defuse U.S. pressure for the opening of the local market to U.S. goods and services.

The government move followed a recent U.S. notice that it will take retaliatory measures at the beginning of next year if Korea fails to open its markets wider by the end of this year.

An official at the Economic Planning Board (EPB) said it, however, is yet to determine whether the government will comply fully with the U.S. request.

The U.S. government says that a further opening of the Korean cigarette, insurance and beef markets has already been agreed to.

The U.S. government is threatening to invoke Section 301 of the U.S. Trade Act to clamp harsher retaliatory steps on Korea beginning Jan. 4 next year unless the Korean government does comply with the U.S. request," a government spokesman said yesterday.

The strong warning came after the Korean-U.S. trade talks in Washington, D.C., Dec. 21-23 broke down without any concrete results.

The proposed U.S. measure includes the total scrapping of the U.S. Generalized System of Preference (GSP) favor to Korea from next year, he said.

The United States likely slap heavy import tariffs on major Korean items, including passenger cars and electronics products, he said.

Korean trade officials and the U.S. Embassy in Seoul will continue talks here to solve the trade impasse by the year-end.

However, the chances remain slim that the two parties can reach agreement because of wide difference in their positions.

The United States wants Korea to import high-quality U.S. beef for use in hotels, insisting it is not a substitute for domestic beef.

The Korean position has been that resuming beef imports at this time may cause panic among farmers.

Fearing a further drop in prices, most Korean farmers would react to foreign imports by selling their cattle, severely disrupting the already fragile market, he said.

Beef imports are a sensitive political issue. The mere mention of resuming beef imports causes an outcry from politicians and the general public.

The political consequences could be serious, and excessive pressure to open the beef market could adversely affect other agricultural imports from the U.S., the official said.

For these reasons, he said, it is impossible to import high-quality U.S. beef at this time.

On the insurance problem, Korea allowed increased involvement of U.S. underwriters in Korea in July last year.

On Aug. 1, 1986, two American firms, which had been already doing non-life business in the Korean market, were allowed to enter a pool handling the compulsory fire insurance of city buildings of over four stories.

In November 1986, the U.S. insurance firm LINA Co. was licensed to underwrite life insurance.

Korea plans to license other qualified U.S. firms for both life and nonlife insurance businesses this week. A few more life insurance firms are expected to be licensed in the near future to do business in Korea.

The United States is asking for full opening of the Korean insurance market.

On the imports of foreign cigarettes, Korea began importing American cigarettes in September 1986. Liberalization of the cigarette market has been a hot issue in Korea-U.S. trade relations and inspired intense opposition from all sectors of Korean society.

Nevertheless, as part of its efforts to balance trade, Korea imports cigarettes and will gradually open more of its market to foreign companies.

In recent months, the United States has complained about the regulated distribution and retail price of U.S. cigarettes in the Korean market.

Plans on Opening Up Markets

BK260720 Hong Kong AFP in English
0700 GMT 26 Dec 87

[Text] Seoul, Dec 26 (AFP)—South Korea plans to drastically open its market to U.S. cigarettes, beef and insurance services next month to forestall threatened trade reprisals by Washington, reliable sources said here Saturday.

Deputy Premier Chong In-yong, in charge of government economic planning, met Saturday with Finance Minister Sakong Il and Agriculture-Fisheries Minister Kim Chu-ho to discuss the matter, the sources said.

They said the government had decided on the measures amid reports that Washington was preparing to levy retaliatory tariffs on such South Korean exports as automobiles and electronics goods.

South Korea has been resisting U.S. pressure to import beef and more cigarettes from the United States owing to concern over potentially disastrous effects on the nation's tobacco planters and cattle farmers.

U.S. insurance firms are not allowed to operate in South Korea.

Complete liberalization of beef and cigarette imports and permission of U.S. insurance firms to set up locally would cost South Korea about 300 million dollars a year, official sources said.

South Korea's trade surplus with the United States is predicted to reach about 9.5 billion dollars this year, up from 7.3 billion last year.

Trade Group To Visit U.S.

SK380321 Seoul YONHAP in English
0301 GMT 28 Dec 87

[Text] Seoul, Dec. 28 (YONHAP)—The South Korean Government will send a high-powered trade mission to the United States next month to settle the trade frictions between Seoul and Washington.

The decision to send the mission came in a meeting Saturday involving Deputy Prime Minister Chong In-yong, Finance Minister Sakong Il and Agriculture, Fisheries and Forestry Ministry Kim Chu-ho to discuss the U.S. threats of retaliation.

Government sources said Monday that the Korean delegation to be led by Deputy Prime Minister Chong will respond positively to the U.S. demand for opening Korean markets wider to U.S. cigarettes and insurance.

As for the importation of U.S. beef, the Korean delegation will ask for U.S. understanding of Korea's social and political situation concerning the issue.

Beef imports are an issue so sensitive that any move or talk about the resumption of beef imports would stir up an outcry from politicians and the general public, including farmers.

Washington has notified Seoul that it will retaliate against Korea if Korea does not open its markets further by the end of this year.

The notification was delivered to the Korean side in Washington recently when Korean and U.S. negotiators failed to resolve trade disputes.

The two sides held a meeting in Washington from Dec. 21-24 but failed to narrow their differences on the wider opening of the cigarette and insurance markets.

The seven-member Korean delegation was represented by Hong Chae-hyong, assistant finance minister for planning and management, while assistant U.S. Trade Representative Peter Allgeier headed a six-member U.S. team.

The two sides agreed to continue negotiations by the end of this year between the Korean Government and the U.S. Embassy in Seoul but settling the problems by year's end will be difficult, the sources said.

The government plans to narrow the differences through negotiations with U.S. embassy officials until the end of this year and to send a delegation to Washington to reach a final settlement.

Assistant Finance Minister Hong said negotiations on cigarettes and insurance progressed substantially while the two sides held firm to their respective positions on the issue of importing American beef.

As for cigarettes, the United States urged the Korean side to lower local sale prices to 700 won (about 0.88 U.S. dollars, one U.S. dollar is worth about 795 won) per pack by eliminating customs duties, the value added tax and the defense surtax.

The Korean side insisted that consumer price of foreign cigarettes should not be lowered below 900 won. Foreign cigarettes are currently sold at 1,300 won per pack.

The U.S. side also asked the Korean government to allow private dealers to freely import cigarettes and sell them to retailers, while the Korean side maintained that importers should import cigarettes and sell them through their sales channels with the approval and supervision of the Korea monopoly corp.

Meanwhile, Korea allowed a maximum of 120 advertisements a year for foreign cigarettes in monthly magazines and periodicals except for publications which are designed for youths and women.

As for the insurance issue, Korea has allowed U.S. life insurance firms to invest in Korea through joint ventures with Korean businesses or to establish wholly owned firms.

The Korean Government plans to exclude the nation's top 30 companies from entering joint ventures with American underwriters while the U.S. side insists on the removal of regulations or limiting the restrictions to the top 10 Korean insurance companies.

Soviet Olympic Officials Arrive 27 December

*SK271109 Seoul Domestic Service in Korean
1000 GMT 27 Dec 87*

[Text] A four-member Soviet National Olympic Committee delegation arrived in our country at 1240 this afternoon to hold preliminary working-level discussions on the [Soviet Union's] participation in the Seoul Olympics. It was learned that the delegation led by (Neacheslov Kapolinin), vice chairman of the Soviet National Olympic Committee, will stay in Seoul for 3 nights and 4 days and will discuss working issues, including transportation of the [Soviet] athletic team, with the Seoul Olympic Organizing Committee and other relevant institutions.

It is noteworthy that the Soviet delegation is now visiting Korea amid expectations that the Soviet Union's official announcement on its plan to participate in the Seoul Olympics is imminent following the official announcements by Hungary and East Germany, the first among the communist-bloc countries to announce their plans to participate in the Seoul Olympics.

Previously, for a week, beginning 26 July, the Soviet Union sent a nine-member delegation led by (Kolesev), vice chairman of the State Sports Committee, to hold working-level discussions.

The Soviet delegation will leave the country on 30 December.

'Strong' Protest Lodged Over Gulf Attack

*SK270049 Seoul THE KOREA HERALD in English
27 Dec 87 p 1*

[Text] The government will lodge a strong protest over the Christmas Day attack on a Korean freighter in the Gulf, the Foreign Ministry said yesterday.

The ministry has instructed Korean diplomatic missions in the United Arab Emirates and Bahrain to establish the details of the attack.

All 20 crew of the freighter Hyundai 7, which was set ablaze by gunboats Friday, were rescued and transported to Dubai aboard a British destroyer, an official said.

A strong protest will be lodged as soon as the country responsible is identified, he added.

Former Japanese Prime Minister Meets No Tae-u

*OW240019 Tokyo KYODO in English 1244 GMT
23 Dec 87*

[Text] Seoul, Dec. 23 KYODO—South Korea's President-elect No Tae-u expressed determination Wednesday to ease tension between South and North Korea and to strive for a successful Olympics in 1988.

In a meeting with former Japanese Prime Minister Takeo Fukuda, No said East European participation in the summer Olympics in Seoul in September next year will help relax tension between South and North Korea.

He indicated the time has come for South Korea to seek East European cooperation in tackling the problem related to North and South Korea.

No also said he will make his best efforts to improve relations between South Korea and China.

In this regard, the president-elect sought Fukuda's cooperation in realizing improved South Korea-China relations.

He said South Korea has received favorable reaction indirectly from China concerning the development of South Korea's west coast.

Panel To Be Formed To Investigate Election
SK270108 Seoul THE KOREA HERALD in English
27 Dec 87 p 1

[Text] The government will set up a special committee to look into the alleged irregularities in the presidential election, a source said yesterday.

"The government will reveal the truth about the opposition allegation that the election was rigged," he said.

The investigation is designed to help stop false rumors and speculation about the election outcome, the source added.

The opposition parties and dissident groups have said they will make public early this week incidences of fraud in voting and ballot-counting.

"We are now studying the details. It has not yet been decided whether the committee will be headed by the prime minister, a relevant cabinet minister or another figure," said the source.

DJP Mapping Plans To Keep Campaign Promises
SK270130 Seoul THE KOREA TIMES in English
27 Dec 87 p 2

[By staff reporter Kim Chang-yong]

[Text] Indulged in a glee of victory in the recent presidential election by a "surprisingly large" margin, the ruling party is, on the other hand, engrossed in mapping out concrete follow-ups to the president-elect's campaign pledges.

Making them much busier is the scrutiny of over 1,500 figures from all walks of life in the initial screening of about 250 candidates to be given DJP tickets for parliamentary elections it intends to hold within two months.

The Democratic Justice Party has recently formed a five-member subcommittee of the Central Executive Council with an eye to study ways for "democratic" party administration.

One project under its positive consideration is to elect post-holders in a vote of members, not appointed by the party leadership. The seats for the floor leader and the chairman of the Central Executive Council will be subject to the first phase step.

The internal democratization project also falls under the task of the "democratization and reconciliation promotion commission" which has yet to select its 50 members.

A preparatory committee, headed by Rep. Cho Il-mun, former university president, is now screening the members from various interest groups.

The commission will center its activities on inventing schemes to assuage grievances of those suppressed by the incumbent government.

In detail, it will work on leniency for political prisoners, numbering close to 1,000, and steps for the reparation of the victims and their families in the bloody suppression of Kwangju uprising in May 1980.

The party will send Rep. Pak Tong-chin, former foreign minister, to Japan again next week to materialize Japanese leaders' commitment to an intermediary role for an improved relationship between Seoul and Beijing.

During campaigns, No had promised to set up full-scale diplomatic ties with China, a strong ally of North Korea, within his five-year tenure and open an "era of West Coast" facing the Communist giant.

Japanese Prime Minister Noboru Takeshita, in a congratulatory message to the president-elect, renewed his promise he made in a meeting with Rep. Pak who flew to Tokyo late last month to discuss the far-reaching issue.

The DJP will slip into a faster pace around the beginning of next year when a task force will be organized to prepare the takeover of power under the control of Rep. Yi Chun-ku, a brigadier general-turned figure of influence. He has directed No's campaign instead of secretary general Chong Sok-mo, a civilian with brilliant public career.

Upon the start of work, the task force will have closer contacts with key government agencies and ministries for the unprecedented peaceful change of administration.

It will review achievements of the present leaderships of the government organizations and set on the scope of reshuffles affecting top posts of state-financed corporations as well as the administration.

But, Rep. Hyon Hong-chu, deputy secretary general, said, "A drastic, big shakeup will not take place as there will be a friendly transition at the helm."

High in a list of its commissions will be how to decolorize the authoritarian tint in the administration and presidential secretariat in compliance with a main campaign theme of an "end to an authoritarian rule," which caught ears of many urban voters.

Steps will be contrived to strengthen the authority of the prime minister, while slashing functions of once all-mighty presidential staff.

To satisfy the electorate, largely in provincial districts, the task force is also to readjust priority of government projects to develop rural and coastal areas.

An estimated 18 trillion won (roughly \$2,250 million) is needed to take his 200-plus pledges into action over the five years to come, the officials said. This year's budget is slightly lower than 18 trillion won.

3 Kims Regrouping After Election Defeats
SK270200 Seoul THE KOREA TIMES in English
27 Dec 87 p 2

[Unattributed article: "3 Kims Quickly Awakened to Realities; 10 Days After Election Defeats"]

[Text] The "three Kims" are making a gradual warming-up to reassert their leadership in the opposition after they lost the election just 10 days ago.

They are cheering up party members to get them ready for another round of battle this time for the seats in the legislature.

Kim Yong-sam "volunteered" to become chief campaign manager for the upcoming National Assembly election with a goal to make his Reunification Democratic Party "the largest parliamentary force."

He has already kicked off actions to revitalize the depressed party with a structural revamping.

Kim Tae-chung is spending the bulk of his time on reading books and meditation, thus silently planning for strategies in the upcoming election. But he is also busy consoling his loyalists, who visit him to offer their own consolation.

Kim Chong-pil may be the first among the three Kims to make a fast recovery from the election defeat.

He is now touring provinces to express thanks to his supporters and to strengthen local network for the National Assembly election.

Kim Yong-sam [subhead]

For the two or three days after his defeat, he had tough time in controlling his indignation and emotion.

He declared that he will stand in the vanguard to topple the current regime and to nullify the election, which he claimed was rigged.

But as days went by, he softened his hardline stance at the recommendation of his deputies and declared the RDP's participation in the general election.

He spent much time on reassessing key reasons why he was defeated in the election. He thought that he put too much emphasis on his religious devotion, thus subjecting himself to the allegation of fund donation from the Unification Church.

His early lead shown in the results of various pre-election polls made him a clear-cut target of attack by the ruling camp. The Reunification Democratic Party did not make full precaution against a series of black propaganda conducted by the opponents, aides believe.

They also believe that the RDP showed weakness in the organizational power in the local districts, especially in the south-western region.

Kim said that the presidential campaign once failed due to lack of organizational deficiency in the party.

He alone visited his hometown Tuesday to pay tribute to his ancestors and to console his 78-year-old father who has been in hospital since the RDP president was roughed up in Kwangju during his pyesidential campaign.

He resumed his morning jogging during his hometown visit. In Pusan, he rose up early in the morning and jogged along the Haeundae Beach.

He is determined to "restructure" the party organization from the very roots to foster the RDP as the real opposition party in Korea.

Kim Tae-chung [subhead]

Since his shocking defeat, Kim Tae-chung maintained relative silence just presiding over a series of meetings with key post-holders.

About 400 loyalists personally visited Kim's house to console the loser with tears.

Instead of being consoled, he soothed the depressed mind of his loyalists. Grasping their hands, he usually said, "Don't worry, I am alright."

Although his life did not change much, he is quite adamant on the ruling camp, which, he said, won the election through rigging and irregular methods.

He said the government and the ruling camp trampled on the opinion of the people. "I don't think the people will succumb to the election result which was marred by frauds and unfairness."

He shows skepticism whether No Tae-u can manage the state affairs in a desirable and reasonable way.

His tenacious denial to accept the election result drew cool response from the media and even a few of his top deputies. But he did not change his position.

One night after the election, he was presiding over a meeting of key post holders at his home.

A vice president was seen heaving a deep sigh without saying anything. Kim Tae-chung casually told him, "Don't be depressed. Who else is at pains to restrain emotion? It is me who should cry. My mind is tearing apart in thousands of thousand pieces."

He continued to say that "we have many things to do in the future. Let's cheer up."

Although Kim ranked third in the election, few in the party believe that he should bear greater blame for the failure to unify the opposition candidacy.

Whenever he has time at home, he picks up an English Bible, Norman Peale's "Positive Thinking" and short stories of Song Yong.

Kim Chong-pil [subhead]

New Democratic Republican Party [NDRP] president Kim Chong-pil was quicker than the other two Kims to accept the election outcome and to ready his party for the forthcoming parliamentary elections.

Turning back the resignations key party post-holders tendered to him after the Dec. 16 presidential election, Kim ascribed the failure to himself. Kim garnered just 8.1 percent, or 1.8 million votes.

Instructing the party members to devote themselves to the preparations for the general elections, Kim also indicated that he will also run for the National Assembly in a local district.

The NDRP president embarked on his three-day inspection tour of the local chapters across the nation yesterday, beginning at Chongju, provincial capital of Chung-chongpuk-do, to encourage the local party members in the face of general elections.

Speaking to a gathering at the provincial branch office Kim told party members, "Our party has succeeded in making a comeback through the presidential election."

"Our opposition parties in the past were all-out in its anti-government struggle. Our party will become a trustworthy, competent opposition party, offering good policies," said Kim.

The 60-year-old politician also called upon the government to manage the forthcoming general elections "in a fair and just manner" in order to have its legitimacy recognized.

Kim dropped in the native town of the late president Pak Chong-hui, his uncle, in Kumi, Kyongsangpuk-do, on the way to Taegu city in the afternoon.

Kim Yong-sam Asks for RDP Confidence Vote
SK280811 Seoul YONHAP in English
0759 GMT 28 Dec 87

[Text] Seoul, Dec. 28 (YONHAP)—Opposition leader Kim Yong-sam, president of the Reunification Democratic Party, decided Monday to call for a vote of confidence on his leadership of the party, taking responsibility for his defeat in the Dec. 16 presidential election.

In accordance with Kim's decision, the main opposition RDP agreed to hold its national convention on either Jan. 5 or Jan. 6.

In announcing his decision at the party's executive policy council meeting, the RDP president said he will bear full responsibility for his party's defeat in the presidential election, adding that he will leave it up to the people and the RDP convention delegates about whether he should remain in the party leadership.

In Korea's first direct election for president in 16 years, Kim lost by nearly 2 million votes to No Tae-u of the ruling Democratic Justice Party and has faced sharp criticism, along with long-time opposition rival Kim Tae-chung, for splitting the opposition vote. Kim Tae-chung of the Party for Peace and Democracy placed third by about 200,000 votes behind Kim Yong-sam.

A numerical calculation of the voter turnout showed that a unified opposition candidate could have easily won the election because the two Kims garnered a combined majority vote of 55 percent, compared with no's 37 percent of the 23 million votes cast.

The failure to put an end to military-backed rule, which had been ardently wished by the entire nation, cut deeply into my heart, Kim said, while postponing a decision on the resignations offered by key party officeholders in connection with the election defeat.

Kim's request for the vote of confidence is seen as an effort to blunt rising criticism within a section of his party for his failure to achieve a single opposition candidacy, according to political observers here.

2,500 Students Demonstrate Over Election
SK271243 Seoul Television Service in Korean
1200 GMT 27 Dec 87

[Report by reporter Kim Chun-sok]

[Text] [Video shows students demonstrating in front of Myongdong Cathedral in Seoul and on streets in Myongdong] Approximately 2,500 people, including university students who belong to the Seoul Council of University Students and the League of Students for the Masses and Democracy [minminhangnyon] in Seoul and Kyonggi Province held a meeting on the compound of Myongdong Cathedral this afternoon to declare the

rigged election null and void and to adopt a resolution to demand that the military dictatorship resign. Some of the students staged a violent demonstration in Myongdong.

After the meeting, approximately 1,000 university students, while chanting "The election is null and void," "Overthrow the dictatorship," and other slogans, tried to march toward Midopa Department Store and staged a demonstration for approximately 10 minutes, while throwing rocks and molotov cocktails at police who blocked them with tear gas canisters.

Also in front of the Myongdong Cathedral, approximately 400 university students staged a demonstration for 2 hours, while throwing approximately 1,000 molotov cocktails and rocks at police, who fired tear gas canisters. The police took away approximately 20 citizens and students for questioning.

Meanwhile, at the meeting held on the compound of Myongdong Cathedral, the university students adopted a resolution to struggle to the end, in collaboration with all the masses, to make the election null and void and to overthrow the dictatorship. They urged the RDP, the Party for Peace and Democracy, and opposition organizations to join in this struggle. They also urged the current cabinet, which rigged the election, to resign and urged press organizations, which reported the election results after fabricating them, to come to their senses. They demanded that the United States, which coordinated the rigged election, be driven out. The students burned them in effigy.

DJP To Open Extraordinary Assembly Session
SK250026 Seoul THE KOREA TIMES in English
25 Dec 87 p 1

[Text] The ruling party will convene a national Assembly extraordinary session early next month to prepare for parliamentary elections on a firm decision to hold the polls within February, party officers said yesterday.

A senior official of the Democratic Justice Party said yesterday that its "consistent" plan is to finish all preparations for the elections by the end of January so that the new legislature will be formed before the presidential inauguration on Feb. 25.

Floor leader Yi Tae-sun told reporters after a strategy meeting of parliamentary committee chairmen and DJP officers that the opposition is expected to accept the ruling party's call for an extraordinary session.

Top of the agenda will of course be the revision of the Parliamentary Election Law. The agenda will also include new legislation and amendment of laws for the local autonomy, to be revived next year after two and a half decades, and other revisions to comply with the constitutional reform.

Among them are the Local Autonomy Law, the Local Assemblies Election Law, the Educational Autonomy Law, the Law on Advisory Council for Democratic and Peaceful Unification and the Political Parties Law, Yi said.

A potential controversy will concern the law on the Protocol for Former Presidents, proposed by the DJP to provide great favors for them, especially the immediate head of state, observers said.

Under the draft of the law and the new Constitution the immediate former president, namely President Chon Tu-hwan, will head the Council of Elder Statesmen which will "advise" his successor on "important affairs of state."

Laws as to the new Constitution Court and parliamentary rights to investigate administrative matters and audit government expenditures will be dealt with by a new legislature, according to the DJP whip.

The January session will highlight the amendment to the Parliamentary Election Law, with partisan negotiations focused on how many Assemblymen should be elected from each constituency.

DJP Secretary general Chong Suk-mo said, "The opposition is ready to accept our offer of a preliminary talk for full dress negotiation on the revision of the law. They seem to be trying to find an excuse for a sudden stop of post-election offensives."

The government party intends to open a negotiation channel before the year-end, while the opposition wants to resume it early next month on a basic strategy of holding the elections in April.

An eight-member high-level talk between the DJP and the Reunification Democratic Party had touched on the revision of the Parliamentary Elections law shortly after it produced constitutional and Presidential Election law drafts late October but could not complete it.

A top DJP official said it was hoped that all parties with parliamentary seats would take part in the revision talk but it would not care for the form of negotiation.

The RDP and the Party for Peace and Democracy of Kim Tae-chung prefer separate debates with the ruling party, officials said.

The DJP reaffirmed in the meeting of the floor leaders and committee heads that the elections should be held hopefully between Feb. 10 and Feb. 20, five days before No takes the oath of office before the legislature.

Rep. Yi Tae-sun recalled that the eight high-powered negotiators had agreed last October to leave the timing of general elections at the discretion of the winner in the presidential election.

The DJP Negotiators favored February elections, while the RDP delegates insisted on April elections.

Parliamentary Election Interest Growing

SK230211 Seoul THE KOREA TIMES in English
23 Dec 27 p 2

[Text] While the public argument on the fairness of the just-ended presidential election is still vehemently going on, especially among the opposition camp, another wave of "election wind" is rapidly springing up throughout the country.

Despite two major opposition leaders' tenacious denial of No Tae-u's victory and calls for struggle to nullify the result of the poll, attention of the lawmakers of the ruling and opposition parties is drawn to the coming parliamentary election.

The general election is to be held by April 28 next year in accordance with a supplementary provision of the new Constitution. It stipulates that "the first election of the National Assembly shall be held within six months from the promulgation of the new basic law." The new Constitution was promulgated on Oct. 29.

Political observers maintain the view that the opposition parties may have no choice but to join the ruling camp in negotiations on the revision of the Parliamentary Election Law in view of the pressure from political aspirants who helped the two Kims in the presidential election.

Kim Yong-sam, president of the RDP, lost no time to declare his party's intention to participate in the general election in yesterday's press conference.

Kim Tae-chung, leader of the Party for Peace and Democracy (PPD), has not taken a clear position as to whether his party will participate in the general election or not. But he is basically in the same situation as his opposition rival.

However, the twin major opposition parties are sure to launch massive struggles against the ruling camp, charging it with "election fraud" in a bid to gain an upper hand in the parliamentary election.

The two Kim's struggle against the alleged election rigging is also aimed to check the smouldering intra-party feud caused by repercussions to their failure to filed a single candidacy on the opposition camp, the chief cause for the defeat.

However, many obstacles are ahead of the partisan negotiations as to how to open the channel of dialogue and when to hold the election besides knotty technical issues.

As to the format of negotiation channels, the ruling DJP is trying to sound out the position of the opposition parties through contacts between the floor leaders and secretaries general.

However, the opposition parties have shown no positive reaction to the DJP's moves.

Both Kim Yong-sam and Kim Tae-chung need some time since they have branded the Dec. 16 presidential election as the "worst in history" and declared to go on struggling to nullify No's victory.

The opposition parties will try to tenaciously take up the election fraud to turn the partisan negotiations on the revision of parliamentary election law in their favor.

One of the most important issues to be tackled in the negotiations concern setting the election date.

The ruling DJP seeks to hold the parliamentary election in February, probably before Feb. 10, in a bid to make a fresh start timed with the inauguration of a new government.

The opposition RDP and PPD want to hold the election in April to revamp their respective organizations battered by the humiliating defeat in the presidential election.

However, there are opinions within the ruling party that it will be practically difficult to hold the general elections in February in view of the complex political situation.

In order to form a new National Assembly before the inauguration of the new president, the partisan negotiations on the amendment of the election law should be completed by early next month.

Some DJP officials call for unilateral revision of the election law in case of the opposition rejection of the February elections. But No Tae-u explicitly ruled out the possibility of such an arbitrary action.

The ruling and opposition parties also sharply differ on the format of electoral constituency. The DJP favors a system under which one to three lawmakers are elected in constituencies in accordance with the size of the electoral population.

Chon Calls for Vigilance

SK230217 Seoul THE KOREA TIMES in English
23 Dec 87 p 2

[Text] President Chon Tu-hwan yesterday called upon the military to further sharpen its vigilance against the danger of armed North Korean provocations around the time of parliamentary election, scheduled for next year.

The Chief Executive gave these directives to the military commanders when he visited the headquarters of Air Force, Navy and an Army unit on the central location on his year-end inspection.

President Chon stressed that the military should further develop combat skills capable of coping with night-time or winter-season war through closer cooperation among the three services of Armed Forces.

Chon particularly instructed the military to develop tactics against possible surprise attacks by the North Korean Communists.

As to the just-ended presidential election, President Chon said that the people, accurately cognizant of the need for development amid stability, opted for an excellent leader to assume the responsibility for the future of the country.

He went on to say that the Soviet PRAVDA and TASS's affirmative reaction to the Korean presidential election gave a certain indication of its desire for improving relations with South Korea.

DJP Considering Amnesty Before Inauguration
SK260802 Seoul YONHAP in English
0753 GMT 26 Dec 87

[Text] Seoul, Dec. 26 (YONHAP)—In a major post-election reconciliatory move, South Korea's ruling Democratic Justice Party is considering advancing the projected grand amnesty affecting thousands of prisoners, including more than 600 dissidents, to sometime before the inauguration of the new government.

President-elect No Tae-u of the ruling party had pledged a grand amnesty, which would exclude only radical leftists and flagrant criminals, immediately after his inauguration, slated for Feb. 25.

The ruling party plans for the Commission for Democracy and Reconciliation, scheduled to be formed in early January, to establish the basic guidelines for the amnesty while a special National Assembly session will be convened to obtain the necessary parliamentary consent for such a measure. The clemency measure is expected to take the form of a general pardon.

A ruling party source said the amnesty is highly likely to occur around Lunar New Year's Day falling on Feb. 18, explaining that the government and the ruling party hope to highlight the first ever peaceful change of government in Korean history and to emphasize the outgoing president's devotion to national reconciliation.

He added that violators of the presidential election law which number about 330 will also benefit from the leniency measure.

The source said pertinent officials of the government and the ruling party had already begun working on the detailed list of those who would be affected by the amnesty.

The leniency measure will mark the seventh general pardon in Korea since the Republic of Korea was established in 1948.

Chon Inspects 'Peace Dam' Construction Site
SK240131 Seoul THE KOREA TIMES in English
24 Dec 87 p 1

[Text] President Chon Tu-hwan yesterday continued his year-end inspection tour of forward Army units and visited the construction site of "Peace Dam" at the northern estuary of Han River.

The President asked the military to be fully prepared against possible armed North Korean provocation during the winter, especially in the New Year holiday season.

He then urged commanders to give more emphasis on the spiritual education of soliders.

Chon said that retiring officers and discharged soliders should be utilized as the major resource of anti-communist movement to safeguard the liberal democracy. They are also expected to play a leading role in promoting national harmony.

At the construction site of Peace Dam, President Chon asked workers to complete the firstphase project by the end of next May next year.

The 80-meter-high Peace Dam is being built at the northern tributary of Han River to counter anticipated North Korean water offensives utilizing its Kumgangsan Dam.

Malaysia

18 Politicians, Activists Ordered Detained

*BK270550 Hong Kong AFP in English 0528 GMT
27 Dec 87*

[Text] Kuala Lumpur, Dec 27 (AFP)—The Malaysian Government has ordered 18 opposition politicians and social activists detained without trial for up to two years, a group monitoring a police crackdown on alleged dissenters said here Sunday.

A spokesman for the support group said the 18 included seven members of the opposition Democratic Action Party (DAP) arrested under the Internal Security Act in late October.

DAP Secretary-General Lim Kit Siang, who is opposition leader in Parliament and his son Lim Guan Eng, also an M.P., were among those ordered held.

The others were university lecturers and social and church workers. Three were women, the spokesman said.

The detentions were ordered by the Home Ministry, whose portfolio is held by Prime Minister Mahathir Mohamad, after police had completed a 60-day investigation of 106 people arrested in the crackdown in October and November.

According to police and newspaper announcements, 55 people have been released since the first arrests were made on October 27 to head off racial clashes between Malaysia's two major races—the Malays and the Chinese.

A DAP official said last week that Mr. Lim Kit Siang and DAP Deputy Chairman Karpal Singh were among party members sent to a long-term detention camp in Taiping in northern Perak State.

Dr. Mahathir told Parliament in late October that many of those arrested had inflamed ethnic passions and were responsible for taking the country to the brink of chaos.

Mahathir Confirms Detention of DAP Leaders

*BK270933 Kuala Lumpur BERNAMA in English 0909
GMT 27 Dec 87*

[Text] Kuala Lumpur, Dec 27 (OANA-BERNAMA)—The detention of leaders of the opposition Democratic Action Party (DAP) Lim Kit Siang and Karpal Singh under the Internal Security Act (ISA) has been extended by two years, Malaysian Prime Minister Dr Mahathir Mohamad confirmed Sunday.

Dr Mahathir, who is also home minister, told reporters the extension was recommended by the police.

Lim, the DAP secretary-general, and Karpal Singh, the deputy chairman, and 104 others were detained in a security swoop beginning Oct 27 after authorities had reason to believe their activities could threaten national security. Fifty-five had so far been released in batches from Nov 20.

The ISA empowers the home minister to extend the detention period for a further two years upon expiry of the initial detention period of 60 days.

The initial 60-day period of detention for Lim and Karpal Singh, who were picked up on the first day of the security swoop, ended Saturday.

Asked about the remaining 51 detainees, Dr Mahathir said their position would be known soon when their two-month initial detention period was up...whether they will be released, imposed restrictions or detained further.

Three ISA Detainees Released 'Unconditionally'

*BK261314 Kuala Lumpur RTM Television Network 1
in Malay 1200 GMT 26 Dec 87*

[Text] Police today released three more ISA [Internal Security ACT] detainees, two from the DAP. They are Melaka assemblyman for Durian Daun, Kerk Kim Hock, and the Cooperatives Rescue Committee chairman, Wee Choo Keong and Tan Ah Tuck. They were released unconditionally.

Businessman Charged With Breach of Trust

*BK280630 Kuala Lumpur Domestic Service in Malay
0530 GMT 28 Dec 87*

[Excerpt] A former prominent businessman, Tan Koon Swan [former president of the Malaysian Chinese Association], was today charged by the Central Magistrate Court in Kuala Lumpur with abetting a criminal breach of trust involving 23 million ringgit belonging to the Multipurpose Holdings Berhad, MPH. Tan made no plea but instead asked the court for time to consider his plea. Soon after recording Tan's request, Central Magistrate Court Judge Mrs Zura Yahya set 5 to 30 September next year for the trial dates. She later fixed 18 January for the application of the case by Mr Tan's defense counsel, Low Hop Bing. In making the application, Mr Low told the court that if the subsequent step facilitates the settlement of the case, the court could save a lot of time. Tan, 47 years, was granted a 1-million ringgit bail under two guarantors. [passage omitted]

Singapore

Former Malaysian Chinese Leader Extradited

*BK261148 Singapore Domestic Service in English
1100 GMT 26 Dec 87*

[Text] The former president of the Malaysian Chinese Association, Tan Koon Swan, was released from Changi prison this morning after serving a 2-year jail term [as

heard]. The 43-year-old businessman was jailed in August last year after pleading guilty to abetting former Pan Electric Industries director, Tan Kok Liang, in committing criminal breach of trust of nearly [Singapore dollar] \$15,000 [figure as heard]. He was also fined \$500,000.

The Commercial Affairs Department said that in accordance with established procedure, Tan was subsequently arrested after his release and extradited to Malaysia on the request of the Malaysian Government. A warrant of arrest has been presented to the Singapore authorities by the president of sessions court in Kuala Lumpur last month. Tan is wanted in Malaysia for an alleged offense of abetment of criminal breach of trust as an agent.

Hong Kong Magazine's Circulation Restricted
BK261329 Singapore Domestic Service in English
1100 GMT 26 Dec 87

[Excerpts] The government is restricting the circulation of the FAR EASTERN ECONOMIC REVIEW to 500 copies per issue. A press release from the Ministry of Communications and Information today said the 17 December issue of the FAR EASTERN ECONOMIC REVIEW carried a full-page article by its Deputy Regional Editor Michael Malik entitled: "New light on Detentions." The article purported to be an account of the meeting between the prime minister and the archbishop and Catholic leaders on 2 June this year. The REVIEW claimed that it was based on statements issued in Melbourne by Father Edgar de Souza. The press release points out that although subtitled "Catholic Priest Answers Jayakumar's Allegations," the article glossed over the detailed statement by the minister for home affairs in Parliament. [passage omitted]

The press release notes that this is not the first time that the REVIEW engaged in Singapore's domestic politics. Over the last few months, the REVIEW has published a series of distorted and mischievous articles on Singapore, especially on the Marxist arrest and the treatment of detainees. The REVIEW has also published hostile letters purporting to be from Singapore correspondents; at least one of these was fraudulent. [passage omitted]

The Ministry for Communications and Information has therefore declared the FAR EASTERN ECONOMIC REVIEW to be a newspaper engaging in the domestic politics of Singapore. The REVIEW is advised to nominate a local distributor for approval by the minister. All copies of the magazine for local distribution will be marked. Unmarked copies will not be allowed to be brought in or imported into Singapore. The REVIEW's present circulation in Singapore is 9,000 copies. Its first issue to be affected by the ministry's order will be the one dated 7 January next year.

Meanwhile, the prime minister's lawyers, Lee and Lee, have sent a letter to the editor of the REVIEW, Mr Derek Davis, demanding retraction of the allegation, apology,

and damages. Lee and Lee have also sent letters seeking the same redress to the publishers, Review Publishing Company Limited, Hong Kong, and the writer of the article, Mr Michael Malik, and the printers, Time Printers in Jurong.

Cambodia

Hun Sen Returns From 6-Day Visit to Laos
BK261216 Phnom Penh SPK in English 1108 GMT
26 Dec 87

[Text] Phnom Penh SPK December 26—Hun Sen, Politburo member of the People's Revolutionary Party of Kampuchea Central Committee and chairman of the Council of Ministers of the People's Republic of Kampuchea, returned home from Laos yesterday, concluding his six-day visit to Laos.

While in the Lao capital, he (?met with) Kaysone Phomvihane, general secretary of the Lao People's Revolutionary Party Central Committee, and other Politburo members, during which Chairman Hun Sen reaffirmed his decision to meet Prince Norodom Sihanouk again in Paris in January and stressed his confidence that no obstacle could prevent the implementation of the agreement reached between him and Prince Norodom Sihanouk.

The Lao leaders (?reiterated) the Lao party and government's constant policy of strengthening the solidarity with and support for the fraternal Kampuchean people's just struggle and the position of goodwill of the People's Republic of Kampuchea. They expressed their confidence that the coming meeting between Chairman Hun Sen and Prince Norodom Sihanouk would bring about progress.

They also stressed that the LPDR is willing to contribute, together with other countries, to finding a political solution to the Kampuchean issue in conformity with the aspirations and interests of the Kampuchean people, in the interests of peace in Southeast Asia and the world over.

Afghan President Najibullah To Visit
BK260508 Phnom Penh Domestic Service in Cambodian
0430 GMT 26 Dec 87

["Press Communique"]

[Text] At the invitation the KPRP Central Committee and the PRK Council of State, a high-ranking party and state delegation of the Democratic Republic of Afghanistan [DRA] led by Comrade Najibullah, general secretary of the People's Democratic Party of Afghanistan Central Committee and president of the DRA, will pay an official friendship visit to the PRK in the near future.

SPK Scores Thai 'Aggression' Against Laos
*BK261415 Phnom Penh SPK in English 1114 GMT
22 Dec 87*

["Thai Acts of Aggression Against Laos Will Doom To Failure"—SPK headline]

[Text] Phnom Penh SPK December 22—Following their artillery and air raids against Laos on December 15 and 16, the Thai ultrarightist reactionaries have even gone further by conducting air, artillery and ground attacks against the Lao district of Boten, Sayaboury Province, thus grossly violating Laos' independence, sovereignty and territorial integrity.

These deliberate acts of aggression have revealed more clearly Thailand's hostile policy towards Laos as well as the three Indochinese countries. It is still fresh in everyone's mind that the Thai authorities in June 1984 sent their troops to occupy three Lao hamlets of Mai, Savang, and Kang in Sayaboury. It is also known to everyone that they have given sanctuaries to the Khmer reactionaries to oppose the Kampuchean people's revival, and that almost daily Thai troops have violated Kampuchean territory.

These latest Thai acts of provocation against Laos occurred right at a time when the trend of dialogue is prevailing in the whole world and in Southeast Asia and when the process of national reconciliation in Kampuchea is carried out with good prospect. They show that the Thai ultrarightist ruling circles, with green light from the outside forces, only wish to maintain tension along the common borders with Laos and Kampuchea so as to serve their long-term interests of pan-Thaism.

As a nation which had undergone so much sufferings caused by colonialist and imperialist aggression, Laos has never shown any hostility toward Thailand. On the contrary it always expresses its goodwill and aspiration to have good neighbourly relations with Thailand and to settle all disputes by means of negotiation. But, turning a deaf ear to all Laos' well-meaning proposals, the Thai side always resorts to using force to solve the problems with a hope to step by step annex the Lao territory.

These acts of using force have not only violated the Lao-Thai joint statement signed in 1979 but also run counter to the Lao and Thai peoples' desire to live in peace, friendship, and cooperation. They only serve the interests of the reactionary forces which always incite conflicts in this part of the world so as to fish in the troubled waters. As a neighbour of the Lao people, the Kampuchean people, who have been the victims of pan-Thaism, side with the Lao people in their just struggle and demand that the Thai authorities put an immediate end to their adventurous acts before it is too late. All their acts of aggression will doom to failure.

Chea Sim Interviewed on USSR-U.S. Summit
*BK250745 Phnom Penh SPK in French 0431 GMT
25 Dec 87*

[Text] Phnom Penh, 25 Dec (SPK)—The PRK warmly greets the success of the Gorbachev-Reagan summit which led to the signing of the treaty on the elimination of intermediate- and short-range missiles, seeing it as the fruit of the consistent policy of peace pursued by the party and government of the USSR. This was stated by Chea Sim, member of the Political Bureau of the KPRP Central Committee and chairman of the National Assembly, in an interview with an SPK correspondent.

The meeting has contributed not only to developing the relations between the two countries, but also to promoting international detente and security, Chea Sim noted.

The PRK's policy of national reconciliation, its statement on the political solution to the Cambodian problem, and the Sihanouk-Hun Sen joint communique, which answer the fervent aspiration of the Cambodian people to live in peace and stability, work in the same direction.

Chairman Chea Sim called on other Cambodian opposition parties to sit at the negotiating table as Chairman Hun Sen and Prince Sihanouk had done in Paris in order to find a political solution for the Cambodian problem in contribution to peace in the region and the world.

VODK Carries 'Appeal' to Vietnamese People
*BK270458 (Clandestine) Voice of Democratic
Kampuchea in Cambodian 2330 GMT 26 Dec 87*

["Appeal from the Cambodian People to the Vietnamese people, calling on them to struggle to demand that the Hanoi authorities quickly end their most destructive war of aggression in Cambodia"]

[Text] The date 25 December 1987 marks the ninth anniversary of the Hanoi Vietnamese authorities' invasion into Cambodia.

At first, the Hanoi authorities planned to thrust in and take over Cambodia in a single stroke in accordance with their blitzkrieg strategy. But, this war has dragged on for 9 years now. Vietnam has not only failed to annex Cambodia, but with each passing year it has suffered even more seriously in all fields, particularly on the Cambodian battlefield. This development clearly indicates that Vietnam is heading toward an inevitable final defeat.

On this occasion, the Cambodian people, with their desire to coexist peacefully with the Vietnamese people, would like once again to appeal to the Vietnamese people to please jointly struggle, protesting, demanding, and pressuring more vigorously against the Hanoi authorities to force them to quickly end their most destructive war of aggression in Cambodia by withdrawing all their

aggressor troops from Cambodia, thus enabling the Cambodian and Vietnamese people to coexist peacefully and to have enough time to work to earn their living to improve their livelihood and develop their respective countries.

The Vietnamese people must see clearly that the war of aggression waged against Cambodia during the past 9 years by the Hanoi authorities has not only caused untold destruction and misery to the Cambodian nation and people, but it has also brought similar misery, separation and destruction in terms of property and lives to the Vietnamese people.

Please take a look at what has happened. Each year, tens of thousands of Vietnamese nationals and youths have been sent to fight and die for nothing in Cambodia by the Hanoi authorities while tens of thousands of others have been wounded, becoming blind or maimed. The Vietnamese economy has been ruined to the ground. Corruption, graft, robbery, and all other dishonest acts have become widespread throughout Vietnamese society. All kinds of production in both the agricultural and industrial fields has continuously dropped while prices of goods have increased continuously, thus seriously affecting the livelihood of the Vietnamese people and administrators to the point that some even died of starvation. The inflation rate is very high, unprecedented in the history of Vietnam. The value of the Vietnamese dong currency is as cheap as wasted paper. This is why the Vietnamese administration has continually issued new bank notes and changed the prices of goods.

Moreover, the Hanoi authorities still cannot repay Vietnam's debt of more than \$8 billion. In the international arena, Vietnam is being condemned more vigorously for its aggression and occupation of Cambodia; for violating the norms governing international relations; for destroying peace, security, and stability in the region; and for exporting a large number of refugees.

Therefore, Vietnam's 9-year war of aggression in Cambodia has caused great misery and most serious destruction to the Vietnamese people and nation. This is unprecedented in the history of Vietnam.

However, despite such serious defeats and impasse on the battlefield, difficulties in Vietnam, and more vigorous condemnation by the world, the Hanoi authorities still do not want to end their most destructive war of aggression in Cambodia. They continue to beg and sell out the Vietnamese territory for use as military bases by the Soviet Union in exchange for weapons, ammunition, and other kinds of aid to carry on their war of aggression against Cambodia in an attempt to realize their insane ambition to lord over Indochina and dominate Southeast Asia. Such obstinacy by the Hanoi authorities will only prolong the misery, suffering, and destruction of the Vietnamese people and nation for many years to come.

Therefore, the Cambodian people would like to call on the Vietnamese people to join with the Cambodian people and the 117 peace- and justice-loving countries in the world in pressuring the Hanoi authorities to withdraw their aggressor troops totally and unconditionally from Cambodia to rapidly end this most destructive war of aggression in Cambodia by:

1. Rising up and demanding that the Hanoi authorities bring back your sons and husbands who have been sent to fight in Cambodia;
2. Jointly preventing your sons and husbands from being recruited and sent to fight and die in Cambodia by the Hanoi authorities; and
3. Demanding that the Hanoi authorities solve the current miserable livelihood of the Vietnamese people.

Only by exerting such an all-round pressure on the Hanoi authorities will they be compelled to put an end to their war of aggression in Cambodia. And only after the war in Cambodia is ended will the Cambodian and Vietnamese people be able to enjoy peace and the opportunity to work and earn their living to improve their livelihood and building their countries.

The CGDK's eight-point proposal dated 17 March 1986 is the best measure for ending this war. This proposal benefits both Cambodia and Vietnam and does not cause Vietnam to lose face.

If Vietnam agrees to solve the Cambodian problem in accordance with this 8-point proposal and withdraws all its aggressor troops from Cambodia in accordance with the nine UN resolutions, the Cambodian problem will be resolved successfully and our two nations and peoples will be able to coexist as good neighbors and have harmonious business contacts with each other.

[Dated] Democratic Kampuchea, 26 December 1987

Indonesia

Officials Deny ASEAN Supports U.S. Bases
BK281236 Jakarta THE JAKARTA POST in English
22 Dec 87 p 1

[Text] Jakarta (JP)—Indonesian Foreign Ministry officials yesterday [21 December] emphatically denied news reports that ASEAN foreign ministers in their unpublished report to their heads of government meeting in Manila last week had expressed their support for the retention of U.S. bases in the Philippines.

News agencies reported that several Manila newspapers had quoted unnamed diplomatic sources as saying support for the retention of the U.S. bases was contained in a secret 28-page report submitted to the Association of Southeast Asian Nations heads of government by their foreign ministers.

The Third ASEAN Summit meeting was held in Manila last week, 10 years after the Kuala Lumpur summit, under very stringent security measures.

"Naturally I've seen the foreign ministers' report and there was no reference whatsoever to the U.S. bases in the Philippines," an Indonesian official said.

Sources told THE JAKARTA POST what might have happened was that a report submitted by an issues committee, one of several such committees assigned to prepare the summit preparatory materials, entitled "Regional Security Concerns" was erroneously referred to as one of the final summit documents.

"That document was submitted by the committee chairman, a Thai diplomat, to the High-Level Steering Committee when it met in Bali last month. After some intense discussions, those parts referring to the U.S. bases were finally deleted," an official here said.

The High-Level Steering Committee comprising senior diplomats representing the six member states—Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand—had the responsibility to discuss all documents to be submitted to the Manila summit and to give its final approval on a consensus basis.

"Indonesia is one of the founders of the Nonaligned Movement. It would be against the very principles of our foreign policy to support the presence of any foreign bases in this region," officials said.

Mokhtar Calls for Soviet Afghanistan Pullout
BK270705 Jakarta BERITA BUANA in Indonesian
19 Dec 87 pp 1, 9

[Text] Jakarta—"In my opinion, a settlement through dialogue on the basis of the withdrawal of foreign troops and the restoration of the independence, sovereignty, and nonaligned status of Afghanistan will not only bring peace and national reconciliation for its people but will also contribute to harmony and stability in relations among countries in the region," Dr Mokhtar Kusumaatmaja said in a special interview with BERITA BUANA on the occasion of the 9th anniversary of the Soviet occupation of Afghanistan.

Foreign Minister Dr Mokhtar said that no solution to the Afghan issue acceptable to the parties involved is in sight. Various UN resolutions, which among other things call for the withdrawal of foreign troops from Afghanistan and settlement of the Afghan refugee issue, have not yielded any results. Similarly, proximity talks between Afghanistan and Pakistan in Geneva under the aegis of Diego Cordovez, special envoy of the UN secretary general, have always ended in deadlock due to differences over the timetable of the withdrawal of Soviet troops from Afghanistan.

Meanwhile, Foreign Minister Dr Mokhtar added that the Kabul regime is trying to achieve a national reconciliation by taking several steps such as a unilateral cease-fire, a general amnesty, and a draft new constitution for all groups of the Afghan society. However, the Kabul regime's efforts do not receive a positive response from the leaders of the Afghan mujahidin guerrillas.

On the use of chemical weapons by the Soviet Union in Afghanistan, Foreign Minister Dr Mokhtar said: "Indonesia, as a country/party which ratified the Geneva Protocol 1925 on 26 January 1971, definitely wants all countries/parties to obey all the provisions in the protocol, i.e. not to use chemical weapons in any war or armed conflict. The Indonesian stand is reflected in various UN resolutions banning the use of chemical weapons under which Indonesia cannot justify the use of these weapons in any war and condemns any party using them." Foreign Minister Dr Mokhtar Kusumaatmaja added that the use of chemical weapons is not only against international law, but also against humanity.

Israeli Actions in West Bank, Gaza Condemned
BK230429 Jakarta ANTARA in English
0410 GMT 23 Dec 87

[Text] Jakarta, December 23 (ANTARA/OANA)—Indonesia condemns Israel for the current tragic developments in the West Bank and Gaza Strip and has called on the United Nations to take a firm action.

In a statement issued by the Foreign Affairs Ministry Tuesday Indonesia judged that Israel had blatantly made gross violation to the Fourth Geneva Convention relating to the protection of civilian persons in time of war, of August 12, 1949.

Indonesia has been following with deep concern and profound anguish the current tragic developments in the West Bank and Gaza Strip, which have been illegally occupied by Israel, it said.

Indonesia considered that the dangerous escalation of the repression and the perpetration of such atrocities was the direct consequence of prolonged occupation and the intolerable political, economic and social conditions to which the Palestinian population continues to be subjected.

And such a situation would continue as long as the Palestinian people were denied of their inalienable right to self-determination, including an independent homeland in Palestine, it said.

The statement further said that the Israeli acts of brutality would only undermine efforts to achieve a just, peaceful and comprehensive settlement to the Middle East conflict as a whole in accordance with the UN Charter and the relevant resolutions of the organization.

Any further deterioration of the situation can only lead to an exacerbation of the acute tensions and confrontation in the region, which pose a grave threat to international peace and security, it said.

Finance Minister on Boosting Exports

*BK250524 Jakarta ANTARA in English
0502 GMT 25 Dec 87*

[Text] Jakarta, Dec 25 (OANA-ANTARA)—The Indonesian Government Thursday has taken further steps in boosting nonoil exports and tourism.

The fresh measures were laid down in 48 decisions consisting of government regulations, presidential decrees, presidential instructions and a number of ministerial rulings in addition to a decision of the BKPM (Investment Coordinating Board) chairman.

The government had already issued five packages of deregulation and debureaucratization policies which were proven fairly effective in inhibiting the high-cost economy and in stepping up efficiency of the national industry enabling the nation to benefit production capacities to the maximum.

These measures, in addition to the 1986 devaluation of the rupiah also proved to be effective in boosting nonoil exports, which in this year's August-October period had even reached more than US\$ 800 million per month.

Tourism this year has also achieved satisfactory results and it appeared that they will continue to increase in the years to come, Coordinating Minister for the Economy, Finance and Industry Ali Wardhana told the press after meeting with President Suharto at Bina Graha here Thursday.

Ali Wardhana was received by the head of state in the company of several other cabinet ministers and BKPM Chairman Ginanjar Kartasasmita.

Tourist facilities, Ali Wardhana added, should be further developed by the simplification of rulings and the abolition of levies.

The deregulation policies to boost nonoil exports and tourism cover the simplification of export licenses and the abolition of exporters' identification codes (APE-APES), so it would suffice for an exporter to be in possession of a business license except when it comes to dealing with several commodities still covered by international quota, such as coffee and textiles.

With regard to imports, under the new policies general importers are allowed to import a number of goods included in the 111 postal tariffs (CCCN). The number covers 56 postal tariffs of products of the steel industry, while the number of sole agents had been reduced from 278 to 70. Besides, the import duties on a number of

goods under 65 postal tariffs (CCCN) were lowered to facilitate industrial development, while those on 91 industrial commodities had been raised to protect domestic industries.

Non-PMA/PMDN (foreign and domestic capital investment) companies which export their products are exempted from import duties and value added tax on engines for the manufacturing industry. The procedures in the exemption had also been simplified to enable the companies to shortly boost their production.

Materials and products bought at home for the manufacture of export goods are also exempted from value added tax after the goods have been exported by way of restitution. Under the new policies the exemption from value added tax will be granted prior to export by payment on the basis of promissory notes. This way is expected to cut production costs and increase the competitiveness of the products, Ali Wardhana said.

With the expansion of production activities in the regions it was also felt necessary to build container terminals in the interior to smoothen the flow of goods from the production centres to the ports, and the other way around. With the new facilities the settlement of the export/import papers can be done at the terminals. The first such terminal will be built at Gedebage, West Java.

Containers, under the new deregulation policies will also be exempted from import duties and value added tax. They may be freely shipped interinsularly to meet the need of the regions for containers.

With a view to follow demand and the wishes of overseas markets samples are often necessary. These samples are also exempted from import duties and value added tax.

With a view to boosting exports, foreign investment companies (PMA) engaged in production may export their own products and those of other companies.

Under the new regulations foreign investment companies may establish joint ventures especially dealing with the export of the products of processing industries under the foreign investment law.

In this way, Ali Wardhana said, not only will the export of the processing industry be stepped up, but also particularly the products of the small and medium scale industries.

With regard to the steadily increasing output of the ornaments industry, Ali Wardhana said machinery will be partially exempted from import duties which had been lowered from 15 to 5 percent.

Companies that export only 85 percent of its products are granted various facilities, while those still unable to export their goods will not be given such facilities.

In the meantime, with a view to assisting businesses that have only recently started exporting their products the facilities are now granted to those who export the lion's share (at least 65 percent) of their products. The old rulings, however, still apply to the export of garments, Ali Wardhana said.

The licensing procedure in the tourism sub-sector, especially for the setting up of hotels, restaurants, marine recreation centers, travel agencies, and tourism spots is simplified. There are only two kinds of licenses—provisional licenses and final licenses.

Previously, 33 kinds of licenses were required for the setting up of a hotel. In the priority rating list (DSP), the tourism sub-sector is at present open to new investments.

As part of the effort to promote investments and non-oil exports, the government offers new conditions for the ownership of national shares in PMA (foreign investment) companies.

PMA companies must be in the form of joint ventures with national capital shares of at least 20 percent and it must be raised to no less than 51 percent in 15 years.

PMA firms with investments of at least US\$ 10 million or located in isolated areas, or PMA companies which export at least 65 percent of their products, can be set up with national capital of no less than 5 percent, and this must be increased to at least 20 percent in 10 years and 51 percent in 15 years, with a possible extension of five years.

The national shares are only 5 percent without the obligation to increase the percentage of the national capital for enterprises operating under the PMA scheme in bonded warehouses and exporting 100 percent of their products.

PMA companies with at least 51 percent of the shares belonging to national shareholders, or no less than 45 percent of the shares are owned by national shareholders but 20 percent of the whole shares are sold through the capital market are given facilities the same as those enjoyed by PMDN (domestic investment) firms.

The new package facilitates the establishment of regional offices of foreign companies to handle the interests of companies operating in a region covering several countries, besides Indonesia.

In the manpower sector, the package stipulates that companies which export the bigger part of their products are allowed to employ foreign experts.

To make Indonesian commodities more competitive on the world market, particularly by improving the quality and design of industrial products, the package facilitates

industrial companies to invite foreign businessmen to give consultation, guidance and training for the innovation of industrial technology.

For the procurement of funds for enterprises through the capital market, the package simplifies the requirements and process of emission in the bourse. Apart from that, foreign investors are allowed to buy shares at the bourse.

Through the new package, the government introduces to-bearer shares and over-the-counter facilities at the bourse.

Laos

Thai Troops Reportedly Launch Attacks in Boten

23-24 December Activities

BK261244 Vientiane Domestic Service in Lao
0430 GMT 26 Dec 87

[Text] The Thai ultrarightist reactionaries have continued to deploy the Third Army Region soldiers to nibble at Lao soil in the Nam Heuang River area, Na Bonoï canton, Boten District, Sayaboury Province.

According to regional reports, from 2100 [1400 GMT] on 23 December, they began continuously shelling Height 1428 with 105-mm artillery until 1000 [0300 GMT] of the next day. Three hours later at 1305 [0605 GMT] on 24 December, the Thai ultrarightist reactionaries in the Third Army Region used six 155-mm artillery to simultaneously pound the Phou Soi Dao mountain area with several salvos, inflicting heavy damage to natural resources in the vicinity. Shortly afterward, they deployed infantrymen to assault Height 1446 located several kilometers inside Lao territory from the border line, prompting the regional forces to resolutely exercise the right to self defense.

All this is the most open and overt nibbling attacks and intrusions into Lao soil successively conducted against Laos since 15 December in their attempts to openly encroach on the Lao sovereignty in violation of the UN Charter. It also runs counter to the overall epochal trend in trying to achieve detente and to solve problems through peaceful means. At the same time, it has also seriously undermined the brotherly and neighborly relations between Laos and Thailand.

Report on 26 December Action

BK270902 Vientiane Domestic Service in Lao
0000 GMT 27 Dec 87

[Text] Reports from Boten District, Sayaboury Province, said that at 0915 [0215 GMT] on 26 December, the Thai ultrarightist reactionary soldiers in the Third Army Region sent infantry soldiers to savagely assault Hill

1370 and the other hills located nearby in Lao territory. Exercising the right to self-defense, Lao regional forces and militia mounted a counterattack and eventually forced them to retreat.

In parallel with launching such attacks on Lao territory, the enemies have also built roads and reinforced their positions in all respects to continue escalating their open aggression against Laos. This shows that they have not yet abandoned their dark scheme aimed at nibbling at and occupying Lao soil without paying any heed to the protest by the Lao people. Their acts have belittled the aspirations of the Lao and Thai peoples as well as public opinion in Thailand and in the region calling on Thailand to cease its aggression against Laos and to create favorable conditions for settling the problem peacefully through negotiations in accordance with the proposal made by the Lao side in the interests of the two sides and for peace, stability, and security of the region.

27 December Report

BK280140 Vientiane Domestic Service in Lao
0000 GMT 28 Dec 87

[Text] According to a local news report, from 0600 to 0900 on 27 December 1987, the Thai reactionary troops from the Third Army Region, using various types of artillery pieces including 105-mm and 155-mm artillery, launched another attack on Lao territory. This is seen to be the heaviest and most serious attack compared to previous ones. Later, at 1000 hours on the same day, they mobilized infantry troops, which have already been stationed in Lao territory, to again launch an attack against Hill 1370 with an intention of seizing it. The attack on this occasion lasted until 1600 hours. However, the regional armed forces of Boten District, Sayaboury Province, resolutely and strongly counterattacked and a number of the enemy troops were killed or wounded.

A further report also indicated that as of 27 December, the ultrarightist reactionaries in the Third Army Region of Thailand have dispatched three more battalions of troops—the 3d, the 12th, and the 15th Battalions attached to the 1st Cavalry Division—to the border area for reinforcement. This has brought to six battalions the total of Thai reactionary troops sent to reinforce their forces to carry out the operations so far.

This has clearly shown the intentions of the Thai ultrarightist reactionaries to annex more Lao soil. In light of the situation, the regional armed forces and local people of Boten District have become ever more indignant, heightened vigilance to an ever higher degree, and are prepared to fight to the end to defend their beloved territory and to resolutely punish the enemy aggressors even more suitably.

Thai Troops Build Road

BK261449 Vientiane Domestic Service in Lao
1200 GMT 26 Dec 87

[Text] According to regional reports from Boten District, Sayaboury Province, from 2100 [1400 GMT] on 23 December to 1000 on 24 December, the Thai ultrarightist reactionary soldiers in the 3d Region Army used 105-mm and 155-mm artillery pieces to continuously bombard Height 1428. At 1305 on 24 December, they used six 155-mm artillery guns to simultaneously bombard the Phou Soi Dao mountain area with several salvos, causing extensive damage to the forest in the vicinity. Afterward, they deployed infantry forces to launch attacks against Height 1146 located several kilometers' inside Lao territory. However, exercising our right to self-defense, the local militiamen and regional forces of Boten District mounted a heroic counterattack against them, stopping the advancement by the enemies and forcing them to retreat.

On 25 December, the ultrarightist reactionary soldiers of the Thai 3d Region Army began building a motor road up to Height 1184 and brought more reinforcements into the area. From 0900 to 1600 on the same day, they used 105-mm and 155-mm artillery pieces to continuously bombard Heights 1428 and 1370 and the Phou Viang area.

The serious acts committed successively by the reactionary soldiers of the Thai Third Army Region on Lao soil in Boten District, Sayaboury Province, constitute a serious encroachment on the sovereignty and territorial integrity of Laos. They also run counter to the spirit of the 1979 joint Lao-Thai communiques and to the aspirations of the Lao and Thai peoples.

Foreign Ministry Issues Statement on Attacks

BK271355 Vientiane Domestic Service in Lao
1200 GMT 27 Dec 87

[Text] Today, 27 December, the Foreign Affairs Ministry issued a statement on the attacks on Lao territory by Thai troops.

The statement points out that since the founding of the LPDR on 2 December 1975, the LPDR Government has earnestly pursued a policy of peace, friendship, and good neighborliness with the Kingdom of Thailand because it understands that the peoples of the two countries have had racial relations between them and have shared similar languages, traditions, and customs. As a result, the relations between the two countries improved with a political base as a guarantee as cited in the Lao-Thai and Thai-Lao joint communiques signed by the two governments in 1979.

But it is deplorable that Laos' policy has been undermined because the Thai side has created serious incidents along the border of the two countries on several occasions, for example the incident of the three Lao villages in 1984 which has not yet been resolved.

In 1987, the Thais have once again created a serious incident. The Thai 3d Army Region sent rangers to provide protection to private Thai businessmen who sneaked into the Lao border area west of Na Banoi canton, Boten District, Sayaboury Province to fell valuable trees. Between 14 and 18 August 1987, they sent several battalions of troops to infiltrate that area and relentlessly attack the positions of the regional Lao forces defending the Lao territory there. They declared that the area is part of Thai territory by unilaterally claiming that the Nam Heuang River is a borderline between the two countries. That arrogant unilateral claim runs counter to the 1907 French-Siamese Treaty which stipulates: As for the Luang Prabang region, the borderline branches out from the southern part of the Mekong River at the mouth of the Heuang River and follows the creek of that river until it reaches the top of that creek which originates from the Phou Miang mountain. The borderline continues along the watershed between the Mekong River and that [name not given] river until it reaches the Mekong River at the Keng Phadai rapids to link with the borderline which has already been accepted by the former border delineation committee on 16 January 1906.

On 4, 5, and 6 November 1987, the Thais launched attacks against positions of the regional Lao forces in that area. From 15 to 24 December 1987, they again mounted successive large-scale attacks against the area, in which they deployed infantry forces and 105-mm and 155-mm artillery pieces supported by bombing by several F-5 warplanes. These attacks are regarded as the most serious encroachment ever committed by the Thai troops in the past 12 years of the border clashes between the two countries since the founding of the LPDR.

Even though the Lao side has officially contacted the Thai Government urging it to employ urgent measures to bring an immediate end to these nibbling attacks, at present the Thai troops are making preparations and reinforcing their forces in the area in order to launch new waves of attacks.

Thailand's acts have surprised the international community because they come at a time when the question of the Thai Armed Forces' occupation of the three Lao villages in 1984 has not yet been permanently settled despite the fact that the Thai side has declared that it would withdraw from those villages and that the Lao side has done many things to create an atmosphere of mutual understanding to settle conflicts through peaceful means.

Therefore, it is clear that these acts are the intention of the Thai side to nibble at the Lao territory at a time when Laos is experiencing difficulties caused by the drought.

These acts are construed as a serious encroachment on the sovereignty and territorial integrity of Laos, a violation of the 1979 Lao-Thai joint communiques, an act undermining the spirit of neighborliness between the Lao and Thai peoples, and a breach of the UN Charter and international relations.

The LPDR Foreign Affairs Ministry proposes that the Thai Government employ effective measures to bring an immediate end to these nibbling attacks. Adhering to its consistent policy to settle conflicts through peaceful means, Laos proposes to hold negotiations between the two sides soon on equal terms, without preconditions, in order to settle this serious problem and the other remaining problems to set the relations between Laos and Thailand back to normal.

To safeguard our independence, sovereignty, and territorial integrity—as our people have traditionally done in the past—it is now more important ever to maintain a high sense of vigilance and unite as one to smash all the nibbling schemes of the Thai ultrarightist reactionaries. For the happiness of the Lao and Thai peoples and the stability of each country, it is the urgent duty of the fraternal Lao and Thai peoples to work together to put an end to this undesirable incident and rapidly bring about negotiations between the two sides.

The LPDR Government calls on all peace- and justice-loving governments and people all over the world to employ appropriate measures to support the attempts of Laos to resolve the problem through negotiations so as to contribute to turning this region into a zone of peace, stability, and cooperation.

Mass Rallies Denounce Thai Border Attacks
BK251344 Vientiane Domestic Service in Lao
1200 GMT 25 Dec 87

[Text] Late last week, more than 10,000 residents of Kenthao District, Sayaboury Province, held a mass rally to solemnly protest and denounce the reactionary soldiers of the Thai Third Region Army for using force to nibble at and intrude into some areas in Lao territory west of Boten District, Sayaboury Province.

Regional reports said that earlier on 18 December, more than 1,000 people of all tribes in Nam Phou canton, Boten District, Sayaboury Province, also held a rally to denounce the acts of aggression against Lao soil committed by the Thai 3d Region Army forces.

At these meetings, the participants expressed anger on and indignation at the increasingly serious nibbling attacks against Lao territory by the ultrarightist reactionary troops of the Thai 3d Region Army, especially since 15 December, when the Thai ultrarightist reactionary soldiers not only have deployed ground forces supported by 105-mm and 155-mm artillery pieces to attack Height 1428 and the other heights south of Boten District, but they have also used jet planes to heavily strafe the area.

The rallies unanimously protested against and strongly denounced the acts committed by the Thai 3d Region Army soldiers. They demanded that all Thai military units be urgently withdrawn from Lao territory and all acts of hostility against the Lao people in this area and any other areas in Laos be halted. At the end, the rallies expressed the resolve to stand shoulder to shoulder with the local militiamen and regional forces of Boten District to securely defend their esteemed fatherland so that no enemy will be able to intrude into and occupy that area.

PASASON Condemns Bombing in Boten District
BK261152 Vientiane KPL in English 0923 GMT
26 Dec 87

[Text] Vientiane, December 26 (KPL)—Instead of giving a positive response to the Lao proposals for the holding of the third round of Lao-Thai negotiations, the Thai side responds with air raids and shelling of the Lao territories with heavy artillery, says PASASON today in a commentary.

The public in both countries as well as that of the other countries in the region were shocked by the option taken by the Thai side. As far as the way to solve the bilateral relations are concerned, it is known that never in the past 12 years, the Lao side has aggressed this neighbour. Laos has neither bombed nor shelled the Thai territory. It is not and will not be the intention of the Lao side to launch such hostility against the Thai side.

But the reverse seems to be the case. Since the foundation of the Lao PDR, it has been victim of numerous attacks, acts of aggression, provocations and amminosity from the Thai side, particularly such antagonistic manifestation occurred along the common border in the northern part of Laos.

The commentary adds:

"Despite being victim of those ill-intended acts of those who are hostile to the normalisation of the Lao-Thai relations, the Lao side has never thought of responding with hostile acts. For instance, during the worse time of aggression during the attack of the three Lao hamlets in Sayaboury Province by the Thai ultra-rightist force within the Thai ruling circle, the Lao side never believes in using force to solve the problem. Despite this pending problem regarding the Lao-Thai relations, Laos always proposes to the other side to sit together and try to work out a peaceful solution in Vientiane. High level technical teams of both countries had discussed several bilateral questions. Even though fundamental issues have not yet been reached but senior officials of both sides have (?reaped) exhaustive and positive results. Wanting to further this spirit, the Lao side has accordingly proposed to hold the third round of negotiations. While the "ball is in the Thai field" and the peoples in both countries are eagerly expecting a favourable response from the Thai authorities, bombs and heavy artillery shells once again blasted in the Lao territory in the vicinity of the Lao

Boten District. Being covered by air and artillery shelling, Thai infantry troops from the Third Thai Army have launched many waves of attacks aiming at seizing several heights deep inside the Lao territory.

The paper further continues:

"The current aggression is so far the worst of its kind. It is the first time ever that jet fighter aircraft F-5 are being used to bomb the Lao territory. These arrogant acts of aggression gravely violate the norms of international laws and UN Charter.

The aggression runs counter to the present global trend to peacefully solve the problem by negotiations. The use of force is not an appropriate way to deal in the state-to-state relations and the Lao side solemnly demands the Thai side to immediately put an end to its acts of violence and to withdraw all its troops from the Lao territory and to give a positive and constructive answer to the appeal of the Lao side to hold the third round of negotiations.

KPL Cites PASASON Commentary on Air Raids
BK241102 Vientiane KPL in English 0933 GMT
24 Dec 87

["Commentary: 'PASASON' Thai Statements Denounced"—KPL headline]

[Text] Vientiane, December 24 (OANA-KPL)—The leading daily PASASON, today, through its commentary denounces the statements made by some senior Thai military officers justifying their recent air raid against the Lao territory of Boten District, Sayaboury Province, as a retaliatory act in response to the rocketing of their territory by Lao local armed force and militiamen.

"This false information," PASASON assesses, "is only aimed at creating public misunderstanding on the constant good will maintained by the Lao side." It continues by stressing that such naive declaration by the Thai officers could never help divert the public opinion from their attitude fraught with hostility towards the Lao PDR. Every right-minded people might remember that, in mid-1984, the Thai infantry troops had launched attacks and occupied the three Lao border hamlets in Paklai District, Sayaboury Province, where as not only this incident has been solved, the ultra-rightist reactionaries in the Thai 3d Army Region have further launched an operation of smuggling Lao timbers from the area of Heuang River, Boten District, Sayaboury Province. "In this regard, the local Lao authority has officially on several occasions, demanded the Thai side to end such illegal (?acts) and mutually settle the problems by dialogues. The Lao side has proposed the third round of talks in Vientiane with Thailand, but the Thai response to the Lao good-intentioned invitation is air-bombings

and military attacks of the Lao in the said area," PASASON says, adding that such response by the Thai side has surprised and shocked the right-minded peoples in the region and the world at large.

"However," PASASON concludes, "a door for the third round of Lao-Thai talks in Vientiane still remains open for the Thai side. And meanwhile, all the consequences occurring from Thai air raid and aggression against Laos must be the responsibility of the Thai

PRK's Hun Sen Ends Visit, Departs 25 December
BK260722 Vientiane Domestic Service in Lao
0000 GMT 26 Dec 87

[Text] Yesterday afternoon, Comrade Hun Sen, Political Bureau member of the KPRP Central Committee and chairman of the Council of Ministers of the PRK, and his entourage left the capital of Vientiane by a special plane after ending a 6-day working visit in the LPDR.

Seeing Comrade Hun Sen and his entourage off at the airport were Comrade Sali Vongkhamsao, Political Bureau member and secretary of the party Central Committee, vice chairman of the Council of Ministers, and chairman of the state planning committee, and a number of high-level cadres concerned.

Comrade Ngoun Phansiphon, ambassador extraordinary and plenipotentiary to Laos, and some embassy staff personnel were also at the airport to see the delegation off.

Philippines

Communists Make First Radio Broadcast
HK280823 Manila Radio Veritas in Tagalog
0700 GMT 28 Dec 87

[Text] The Communist Party of the Philippines [CPP] has strongly attacked the government for its human rights violations and for ignoring the needs of the Filipino people. The attack was made by the CPP via Radio Sierra Madre, the Voice of the Free Philippines, which was broadcast on a [words indistinct] of FM frequency. The CPP-NPA observed its 19th anniversary 2 days ago. The 35-minute message from the CPP, read in Tagalog by a CPP spokesman, marks the first time the communists have utilized a commercial radio band in their propaganda war.

Criticize Aquino Government

HK270348 Hong Kong AFP in English 0334 GMT
27 Dec 87

[Text] Manila, Dec 27 (AFP)—The Communist Party of the Philippines (CPP) marked its 19th anniversary with a first-ever radio broadcast and said its guerrilla army was close to reaching a stalemate in its war against government forces, the press reported Sunday.

The 42-minute broadcast by the "Radio Sierra Madre, Voice of the Free Philippines" was made in the Tagalog language over an unused frequency on the FM radio band late Saturday, the reports said.

A male announcer, reviewing the growth of the insurrection led by the banned CPP, said "the people's war is now nearing the stage of strategic stalemate."

The apparently pre-taped broadcast said the CPP-led rebel coalition, the National Democratic Front (NDF), had begun setting up parallel "revolutionary governments at the provincial level," newspapers reported.

It also criticized the human rights record of President Corazon Aquino's government, denounced U.S. involvement in "counter-revolutionary" actions in the Philippines, and saluted Cuba, which on December 31 marks the 35th anniversary of Fidel Castro's rise to power, they added.

Government comments on the broadcast were not immediately available.

But THE MANILA CHRONICLE, which said it had been part of a select group of listeners tipped off in advance about the broadcast, reported that the program was delayed by three hours due to "jamming by the military."

THE MANILA STANDARD said the broadcast was made in a weak signal which came through with much static, and added that it was believed to have originated from Manila or its suburbs.

The CPP was launched on December 26, 1968 by a handful of young intellectuals and remnants of the pro-Soviet Philippine Communist Party, which had chosen parliamentary struggle after its rebels were crushed in the 1950's.

The CPP's armed wing, the New People's Army, was launched on March 29, 1969, and remained mainly rural-based until this year, when it sent assassination squads into Manila to kill military and police officials.

Archbishop Legazpi Receives Death Threats
HK281122 Hong Kong AFP in English 1118 GMT
28 Dec 87

[Text] Legazpi, Philippines, Dec 28 (AFP)—Police bodyguards have been assigned to a prominent Roman Catholic archbishop here after he received death threats from alleged communist guerrillas, the military said Monday.

The threats on the life of Monsignor Leonardo Legazpi were contained in letters distributed to journalists in this eastern city by suspected New People's Army (NPA) rebels, military spokesmen said.

Monsignor Legazpi, the archbishop of Nueva Caceres and head of the Catholic Bishops Conference of the Philippines, had been denouncing the NPA in his sermons for their alleged atrocities and sabotage attacks on bridges and electric pylons.

The authenticity of the letters could not be established.

Police escorts were assigned to the archbishop after a nun in the diocese wrote a letter to President Corazon Aquino asking for help, the military spokesmen at Camp Bagong Ibalon said.

NPA Attacks Occur Hours Before Cease-Fire

*HK241203 Quezon City Radyo Ng Bayan in Tagalog
1000 GMT 24 Dec 87*

[Text] Communist terrorists attacked two military detachments [as heard] and blew up a bridge in Ifugao and Zambales yesterday. The incidents took place a few hours before a moratorium on military operations against the CPP [Communist Party of the Philippines]—NPA took effect at 12:01 this morning.

According to reports received at Camp Aguinaldo, some 100 NPA rebels on board a bus attacked a police station in Kiangnan, Ifugao Province. Following the attack, the rebel groups dispersed and moved towards Hungduan. They then regrouped and raided police stations in Banaue and Mayoyao in Ifugao Province.

Meanwhile, in Zambales Province, some 20 armed rebels attacked the (Acuya) Philippine Constabulary detachment in Santa Cruz. A still unidentified PC trooper was reportedly killed. The rebels also blew up a bridge linking the detachment to remote areas in the province. Elements of the First GHQ [General Headquarters] detachment led by Colonel Garcia have been dispatched to pursue the fleeing rebels.

Other Incidents Take Place

*HK241416 Hong Kong AFP in English 1404 GMT
24 Dec 87*

[Text] Manila, Dec 24 (AFP)—Communist guerrillas attacked a military outpost, killed an election campaigner and freed a hostage in separate incidents Wednesday on the eve of a Christmas truce, the military said Thursday.

But military spokesmen here said they had no immediate reports of New People's Army (NPA) attacks more than 21 hours after a two-day government truce took effect at 12:01 a.m. Thursday (1601 GMT Wednesday).

A two-day halt to "all military offensives against fixed" military targets had also been announced by the rebels and was due to take effect Thursday.

Some 300 NPA rebels blew up a wooden bridge and captured a military detachment near Santa Cruz town northwest of here Wednesday, killing one soldier, military spokesmen said in nearby San Fernando town.

Three soldiers were missing and five fled, they added.

Also late Wednesday, the NPA freed Clemente Lazo, the mayor of Currimaos town in the northern Philippines, who was running for vice-mayor in the January 18 local elections, officials said.

Mr. Lazo appeared in the town unshaven and unwashed, and would not give details of his 25 days in captivity, journalists on the scene said.

Following Mr. Lazo's release, the NPA command in the area issued a statement calling on the government to free detained leaders of the communist movement, including alleged Communist Party of the Philippines (CPP) chief Rodolfo Salas.

The northern Philippine NPA units are still holding 10 people hostage, including two South Korean engineers kidnapped in November.

A suspected NPA sniper killed a campaigner Wednesday in an assassination bid against a mayoral candidate at a village near San Fernando, police said.

The gunman opened fire at opposition mayoral candidate Armando Biliwang while he was making a campaign speech but missed him by inches and the bullet instead killed the candidate's nephew Edgar Valenzuela, the police added.

About 23 people have been killed in violence related to campaigning for the January 18 local elections, according to official figures.

Philippine President Corazon Aquino has ordered a moratorium on counter-insurgency operations on December 24-25 and December 31-January 1.

Two Soldiers Killed During Cease-Fire

*HK270456 Baguio City Mountain Province
Broadcasting Company in English 0400 GMT 27 Dec 87*

[Text] Two soldiers were shot and killed 2 days ago by alleged members of the New People's Army in Malolos, Bulacan. According to a report given to reporters by Bulacan PC Commander Colonel Alejandro Mendoza, the two soldiers were talking with two civilians inside a restaurant when they were shot by gunmen with .48 caliber pistols. Their two civilian companions were seriously wounded by the shooting. The alleged rebels fled on board a waiting passenger jeep.

The ambush occurred while a 48-hour cease-fire was being implemented between the government and the rebels to honor Christmas.

Military Accuses NPA

*BK261144 Hong Kong AFP in English 1113 GMT
26 Dec 87*

[Text] Manila, Dec 26 (AFP)—The Philippine military has accused the communist New People's Army (NPA) of killing two soldiers in Bulacan Province on Friday, in violation of a 48-hour truce that began Christmas Eve, the PHILIPPINE NEWS AGENCY (PNA) reported.

Elsewhere in the country, military forces were put on alert in anticipation of NPA attacks to mark the insurgent group's anniversary Saturday, military spokesmen said.

The PNA report, quoting military authorities north of Manila, said two soldiers were slain and three civilians wounded when four NPA members opened fire at a restaurant in Bulacan Province Friday, violating a truce declared separately by the government and the NPA.

The government had said it would halt counter-insurgency operations, but maintain security patrols, the insurgents for their part said they would not attack "fixed targets" like military outposts, but could still take action against roving patrols on December 24 and 25.

The military in Manila, who previously said they had no reports of any truce violations, could not confirm the report.

Military spokesmen said troops were put on alert immediately after the truce expired Saturday, "ready to occupy blocking positions" in case of an NPA attack on Manila. They added that other camps and vital installations such as power stations and communication facilities were being covered by a similar alert.

The spokesmen would not confirm reports, published in several Manila dailies, that the measures were intended to counter a planned NPA anniversary attack on the capital.

The Communist Party of the Philippines (CPP) and its military arm, the NPA, founded on December 26, 1968 on Mao Zedong's birthday, have traditionally celebrated their anniversary with attacks on government installations.

Cease-Fire Ends; NPA Clashes With Military
*HK280235 Manila Far East Broadcasting Company
in English 2300 GMT 27 Dec 87*

[Text] Five communist rebels, including an amazon, were killed in clashes with government troops hours after the end of the Christmas cease-fire Saturday in Albay and Cagayan Provinces. Sources said five soldiers were also wounded. Armed Forces spokesmen Colonel Oscar Florendo identified the slain rebels as Ka [Comrade] Clemente; Ka Dante; Conrado Belen, alias Ka Rolly; Ricardo Pronie; and his wife Jocelyn. The five were killed when they encountered a joint patrol of the 7th

Scout Rangers and a vigilante group in Barangay Balingnag, Polangui, Albay. The gunbattle lasted 15 minutes, and when the smoke and fire cleared, five rebels were sprawled dead. The troopers recovered several armalite rifles, ammunition, several grenades, a portable battery charger, and an antenna of a hand-held radio.

The five soldiers were wounded in a clash with NPA guerrillas in Pamplona, Cagayan. They were identified as Sergeants Isabelito Abreu, William Gotezon; Corporals Alfredo del Monte, Victor Magaloy; and a Sergeant Caniesa. They were airlifted to the Northern Command headquarters in Santiago, Isabelo. A rebel, identified only as Ka Nilo Balustan of Pamplona, was captured after a fire-fight.

NPA Guerrillas Release Ilocos Hostage

*HK250512 Quezon City Radyo ng Bayan in Tagalog
0400 GMT 25 Dec 87*

[Text] Except for a few attacks launched by the rebels, there were no reported major clashes between communist guerrillas and government troops 15 hours before the 48-hour Christmas cease-fire took effect yesterday.

Meanwhile, the communist NPA has released former officer in charge Clemente Lazo Jr of Currimaos, Ilocos Norte, who was abducted on 29 November. According to Lazo, the rebels treated him well because they allegedly had no grudge against him. His abduction was merely a warning to local government officials to perform their duties well and serve the poor people, said Lazo.

Lazo was released in Barangay Magguang, Batac, Ilocos Norte yesterday.

Iloco Counterinsurgency Measures To Continue

*HK280625 Quezon City Radyo ng Bayan in Tagalog
0500 GMT 28 Dec 87*

[Text] Armed Forces chief General Fidel Ramos says the military will continue their counterinsurgency measures so as to maintain peace and order in the Ilocos region during the coming local election. Gen Ramos said this during a press interview when he arrived at Loakan Airport to attend a command conference at Camp Dangwa. The conference has been called to discuss the insurgency problem in the region, which includes the kidnapping of two Korean engineers in Pagudpud, Ilocos Norte, and two candidates from Cabugao, Ilocos Sur.

More Troops Sent to Election 'Hotspots'

*HK280227 Manila Far East Broadcasting Company
in English 2300 GMT 27 Dec 87*

[Text] More troops were sent to four provinces in Central Luzon considered by the military as hotspots in next year's local election. These areas are Zambales, Bulacan, Nueva Ecija, and Pampanga. The troops will help police and PC forces in the maintenance of peace and order in the areas. Earlier the four areas were tagged

as critical since the start of the campaign period last December 1, following the death of 13 persons—four of them mayoralty candidates and the others victims of election-related violence.

In another development, another mayoralty candidate and a woman campaigner were shot dead by two gunmen last Saturday in Maigo, Lanao del Norte. Faustina Librados and campaign lieutenant Angelina Tecson died of multiple gunshot wounds. Librados was running for mayor under the ruling coalition. According to reports, two of five men attending a campaign meeting took turns shooting Librados at point-blank range with .42 caliber pistols. The assailants escaped.

Tawi-Tawi, Sulu May Hold Local Elections

HK270504 Baguio City Mountain Province
Broadcasting Company in English 0400 GMT 27 Dec 87

[Text] It is said that the 18 January local elections will be held after all in Tawi-Tawi and Sulu. This came about after political leaders have promised to help maintain peace and order during the campaign until the winners have been proclaimed. Comelec officials are right now coordinating with the military and politicians regarding a formal agreement.

Aquino Bans Official Travel to Taiwan

HK241005 Manila Radio Veritas in Tagalog
0700 GMT 24 Dec 87

[Text] President Corazon Aquino has banned officials of her government from visiting Taiwan. Executive Order 313, which she signed, also stipulated that the country would not receive any visiting officials from Taiwan. According to the president, this order conforms with her administration's one-China policy.

The Philippines established diplomatic relations with the PRC in 1975, recognizing the latter as the sole legitimate government of China.

President Aquino Hails 1988 Budget

HK260617 Manila THE MANILA CHRONICLE
in English 25 Dec 87 pp 1, 6

[By staff member Malou Mangahas]

[Text] President Aquino and Congress leaders yesterday hailed the 1988 General Appropriations Act as "a trail-blazer budget" while brushing aside questions about its "constitutional infirmities."

Press Secretary Teodoro Benigno, House Speaker Ramon Mitra Jr, and Rep Rolando Andaya, House appropriations committee chairman, all put in good words for the budget which Mrs Aquino earlier signed into law.

They called the budget a novelty document because it was the first enacted under the new Constitution, the first not to suffer presidential veto of any single appropriation item, and the first that returned the previous decades' format of a "performance budget." [sentence as published]

This meant, they said, that every amount in the document is programmed, and thus, transparent and subject to easy monitoring.

Mitra further cited that the House deliberated and decided on the budget in a record time of 54 days.

But its "photo-finish" passage during Congress' last session day before the Christmas recess betrayed the apparent rush of lawmakers.

Benigno quoted Mrs Aquino as saying that the budget was proof of "the cooperation between both houses of Congress."

However, Sen Ernesto Maceda called the document "not a perfect budget... but a good one." He noted it provides for a P172.122 billion expenditure program but carries a deficit of P48 billion.

Easily 21.5 percent of the budget has no fixed revenue base and will be financed by more loans that will further burden the already debt-strapped economy, according to Maceda.

Still another problem Maceda cited was the supplemental budget of \$2.8 billion that will finance the salary increase of Armed Forces personnel.

This amount is anchored on the sources of the Value Added Tax (VAT) system that will take effect on New Year's day.

Meanwhile, Andaya insisted the budget was "perfectly constitutional" in response to a question whether Congress' approval of a budget bigger than what the President had originally requested was not a breach of the Charter's provisions.

Benigno Says Government Can End Insurgency

HK280619 Quezon City Radyo ng Bayan in Tagalog
0400 GMT 28 Dec 87

[Text] The government has the capability to end the problem of insurgency in the country. This was said by Press Secretary Benigno, who stated that this is a result of the improving economy and the military's unified stand in supporting President Aquino. Benigno said the president has won the support of the military not because she is leaning toward the right but because of a new so-called balance of power. He predicted that, despite events this year, the country's gross national product will go up by 5.8% next year.

Laurel Denies Asking Aquino To Pardon Honasan
HK250510 Baguio City Mountain Province
Broadcasting Company in English 0330 GMT 25 Dec 87

[Text] Vice President Salvador Laurel yesterday denied asking the president to pardon renegade officer Gregorio Honasan. Laurel said that as a lawyer, he believed that law must take its course and that trial would have to proceed. Laurel added that the trial of Honasan cannot be stopped unless President Aquino issues amnesty to Honasan. Amnesty can be granted before the trial or before conviction, while pardon can be granted after conviction.

Marcos Family Appeals for His Return
HK280613 Hong Kong AFP in English 0552 GMT
28 Dec 87

[Text] Manila, Dec 28 (AFP)—The family of deposed president Ferdinand Marcos is appealing to the government to let him return from Hawaiian exile to stand trial, state-run television reported here Monday.

But President Corazon Aquino's chief spokesman, Press Secretary Teodoro Benigno, said the government had not altered its stand to indefinitely bar the 70-year-old former dictator from returning, the station added.

Mr. Marcos left behind his mother, a brother and two sisters when he fled the presidential palace aboard U.S. Air Force helicopters during the February 1986 revolt which ended his 20-year regime and installed Mrs. Aquino in power.

Manila currently seeks to have him tried in Honolulu or Washington on charges of plundering the Philippines, fearing his presence here would cause political instability.

The trial is a requirement for Mr. Marcos's Swiss bank deposits to be turned over to the Philippines. Manila estimates his fortune at five to 10 billion dollars, most of it in Switzerland.

"It is our fervent wish, specially during this Christmas season, that real reconciliation will take place and if that happens, I am sure that the real things would come out and indicate that the president is innocent of all the charges," Mr. Marcos's brother Pacifico told the state-run station PT V-4.

His sister Fortuna Barba said the government should give him his day in court here in the Philippines "because after all, this is where it was supposed to have happened, all those cases against him."

Eduardo Cojuangco Vows To Return From Exile
HK251316 Hong Kong AFP in English 1310 GMT
25 Dec 87

[Text] Manila, Dec 25 (AFP)—An exiled cousin of President Corazon Aquino who she barred from returning to the Philippines has vowed to come back to clear himself of charges that he served as a dummy of former president Ferdinand Marcos.

Coconut magnate Eduardo Cojuangco, popularly known as "Danding", said in a half-page advertisement in the Manila Bulletin newspaper Friday he had been "forced to live in foreign exile" by "the leaders of the revolutionary government" headed by his estranged cousin.

Mr. Cojuangco, reputedly the richest man in the Philippines, followed Mr. Marcos into U.S. exile when Mr. Marcos was overthrown in a popular uprising which swept Mrs. Aquino to power in February 1986. The Aquino government has since then ordered both Mr. Cojuangco and Mr. Marcos' passports cancelled, and seized their properties and businesses.

Mr. Cojuangco, who described himself as "an honest businessman," said Friday he held no assets of the Manila government and denied he acted as a dummy for anyone. He said he accompanied Mr. Marcos into exile "to avoid further confrontation and bloodshed."

He said he had been denied his right to be presumed innocent until proven guilty.

"Gretchen (his wife) and I will return. We do not know when, but we know we will," Mr. Cojuangco added.

Thailand

Legislator Urges Talks on Copyright Bill
BK26317 Bangkok THE NATION in English
26 Dec 87 p 3

[Text] The copyright amendment bill is not expected to become law within the deadline set by the United States, the chairman of the House committee scrutinizing the bill said yesterday.

Committee chairman Charoen Kanthawong (Democrat-Bangkok) also called for a dialogue between US congressmen and Thai MPs over the controversial issue.

Speaking at a panel discussion on the bill, Charoen also stressed that the question of "dignity" needs to be taken into consideration in discussing the bill.

He said the US pressure on Thailand to protect its intellectual property is an example of how it is trying to pass the burden of its trade deficit to small developing countries.

"The US should make it clear to Thailand what we will gain in return for giving in to the pressure," he said.

The bill, which is one of the most controversial in many years, was passed in its first reading in November amidst strong opposition. It is being scrutinized by Charoen's committee and is due for the second reading when the House reopens in April.

When Michael Smith, the deputy US Trade Representative, visited Thailand in early November this year he urged the Thai Government to amend the copyright law before March 1, 1988 when the US Trade Policy Review Group will have to submit its Generalized System of Preferences (GSP) recommendations, which will also include the Thai case, to President Reagan.

The GSP is being used as the carrot and stick to pressure Thailand into amending the law. Thai trade associations and exporters have agreed that the benefits Thailand gains under the GSP are important to the country's economy.

"Mr Smith's threat (about the deadline) makes it even more necessary for Thailand to think about the question of dignity," Charoen said.

Charoen said he did not expect the bill to become law within the deadline. "And I don't know when it will," he added.

He said members of the House committee will meet on January 5 to resume scrutiny of the bill.

"One of the committee's jobs is to create public awareness of what is happening," he said.

Mrs Oranut Osathanon, director general of the Foreign Trade Department, said the private sector is more aware of GSP significance and last year they submitted more than 70,000 applications for exports under the GSP status and the number rose to 140,000 last year and more than 200,000 this year.

She said that this year, the country's exports to the US market under the GSP status were worth more than 700 million baht. However, Thai exporters benefitted from 560 out of 3,062 of GSP items due to the marked lack of understanding in the existence of the tariff privileges.

Mrs Oranut said the US has announced that Newly-Industrialized Countries would be deprived of their GSP status and Thai exporters should take advantage of the increasing benefits.

She said, however, that the government should weigh between the positive effects from the GSP status and copyright protection sought by the US. "The government should consider carefully whether the country would lose dignity in yielding to the US demand. If we refused, we

have to see whether we will lose substantial part of the market and face increasing unemployment. We should pick the best option," she said.

She pointed out that the US had not pressured Thailand by using the GSP issue as the main bargaining force. In fact, Washington has made it clear there would be a review on the GSP list for enforcement on July 1.

Sombun Sa-ngiambut, ambassador attached to the Foreign Ministry, told the session that in the GSP system, there are always negotiations and Thailand had gained in previous discussions with importing countries.

He said that Thailand had convinced the European Economic Community to include orchids and canned pineapple in the GSP list. Frequently there were other issues used by Thailand in the negotiations such as the narcotics and refugee problems.

"We could see that Thailand was able to have gains from such negotiations," he said. The US has raised this issue with Thailand because this country is enjoying a larger surplus in trade. Therefore, the GSP issue has been linked with the Treaty of Amity and the Foreign Ministry has been assigned to handle the task.

"We could not disclose what were discussed due to international protocol. There were subsequent criticism against the ministry for lack of patriotism and such charge was not fair," said Sombun.

He said he had been called to answer to questions posed by MPs and there was none which he could not clear. "If people talk about dignity, I want to ask them what they mean by dignity," he said.

Sombun said Thailand has been asked to have negotiations with the US many times due to the growing trade surplus, this clearly demonstrates that Thailand has dignity in international trade. "We would not have been asked to do so if we had no dignity," he pointed out.

Government Notifies UN on Border Dispute *BK250935 Bangkok TNA in English 0820 GMT 25 Dec 87*

[Text] Bangkok, Dec. 25 (OANA-TNA)—Thai foreign minister, Air Chief Marshal [ACM] Sitthi Sawetsila said here that his ministry has informed the United Nations about the fact concerning current border dispute between Thailand and Laos.

He said Thailand is very disappointed about the incident as it wants to be friendly with Laos.

Thailand and Laos are locked in the border dispute as the two countries' troops are fighting to control a strategic hill in Phitsanulok Province, 498 kms north of here.

Citing a US map made during the Indochina war, Vientiane has laid claim to the jungled mountain terrain in Chat Trakan District of the northern province.

However, Thailand has announced it adheres to a map attached to the Siam-France Treaty that shows the area to be on Thai side.

ACM Sitthi said Thailand is willing to settle the conflict by negotiations.

Earlier this week, Thai Defence Minister ACM Phaniang Kantarat said Thai troops will continue to push Laotian intruders back into Laos, dismissing a Lao charge that Thai planes bombed a Laotian hill.

Fresh Lao Incursion Reportedly Repulsed

BK280101 Bangkok BANGKOK POST in English
28 Dec 87 pp 1, 3

[Text] Phitsanulok—Laotian troops moved on Thai hills in Chat Trakan district yesterday in a fresh incursion that was repulsed in clashes lasting two hours, according to a military report.

But despite the renewed fighting, Thailand has agreed to open a new crossing point for resumption of border trade between Thai and Laotian merchants.

The Laotians reportedly shelled Ban Huai Choem village with artillery and mortar fire. Dozens of shells were said to have landed a short distance away from populated areas of Ban Romklao, a village in disputed territory.

The shelling, which began at about 1 a.m., caused no civilian casualties, the report said.

At about 8 a.m., according to the report, Laotian troops crossed the border in a renewed effort to capture strategic Hill 1428.

The intruders, numbering about 300 soldiers, were fresh reinforcements from Luang Prabang and under the command of Major Kham Phoun, the report said.

They reportedly used 61mm mortar, rocket-propelled grenades and M-79 grenade launchers in the attacks to advance some four kilometres into Thai territory.

It took Thai soldiers about two hours to push the intruders back using artillery fire, the report said.

Reports of military casualties on either side were unavailable. About six Thai soldiers have been killed and some 30 others wounded in clashes with Laotian forces in recent weeks.

Military sources in Loei province said the Laotians had moved several 122-mm Russian-made rockets to Phu Mingyai mountain overlooking Thai outposts in Ban Rom Klao. The sources also claimed that about 20

Vietnamese Army officers from the Luang Prabang-based 2nd Infantry Division had been advising the Laotian forces at the border.

Radio Laos, monitored in Phitsanulok, meanwhile reported that about 10,000 Laotian civilians rallied yesterday morning in Boten town.

The civilians were reportedly demanding that Laotian authorities lodge a protest against Thailand over the presence of troops in Ban Romklao village, which they believe should belong to them.

In Bangkok, National Security Council [NSC] Secretary-General Suwit Suthanukun said yesterday that a sub-committee comprising representatives from the NSC, Internal Security Operations Command and the Foreign and Interior ministries decided last week to open a border point in Chiang Khong district, Chiang Rai, for trade between Thailand and Laos.

The decision, he said, was in response to requests from Thai traders who want to buy timber from Laos and, at the same time, wish to sell consumer products to their Laotian counterparts.

The border point in Chiang Khong will be open for 60 days next year, he said, adding that the opening date will be announced by the Ministry of Interior.

The NSC chief also welcomed Vientiane's call for the United Nations to mediate in the Thai-Lao border conflict.

Laos Said To Hold Territory

BK271045 Bangkok NAEO NA in Thai
27 Dec 87 pp 1, 2

[Text] Our correspondent reported from Loei Province on 26 December that there have been no clashes for 2 days at Ban Romklao in Chat Trakan District, Phitsanulok Province. Lao soldiers, however, are still holding on to Hills 1428 and 1370 inside Thai territory, despite the heavy losses Laos suffered from F-5E bombing.

Our correspondent noted that the absence of clashes was not because Laos had pulled out from the area, but because it was busy replacing worn out troops with fresh ones. Laos also mobilized people in Kenthao and Muang Mo—opposite Tha Li District, Loei Province—to send food supplies to Lao soldiers on Thai soil. The supplies are gathered at Command 411 which is on Phu Wiang and Phu Doen, 2 km from the Thai border.

Intelligence obtained by Thailand indicates that supplies such as canned food and bread were smuggled out from the Thai side. Thai traders, who think only of personal gain instead of the nation, smuggled the goods to Laos via the Heaung river. The goods were transported by

truck for delivery at Ban Nang Kracheng and Ban Muang Mo, Tha Li District, during the night. The military is trying to find out which businessman is dealing with Laos, and will arrest him.

According to the correspondent's report, the situation along the border in Loei Province has been tense. Lao soldiers provoked Thai border officials threatening them that Laos would open another battlefield in Loei Province. They threatened to attack the border defense units in Tambon Na Kha and Tambon Pak Man near the Heaung river. The area was once under Lao attack about 3 or 4 years ago. Lao soldiers also told border villagers that they would mine all bridges on the road along the border. Thai authorities have been on alert prepared for any attacks as threatened by Laos.

According to our correspondent, it is difficult to anticipate an end to the fighting at Ban Romklao and withdrawal by Laos from the area in response to the request from Thailand. This is because Vietnam is behind Laos; Vietnam sent in its sapper unit to support Laos' fighting with Thailand, whereas Soviet soldiers act as advisers. On 25 December, Lieutenant General Sisavat Keobounphan, member of the Political Bureau of the LPRP Central Committee, accompanied by a group of officials flew from Vientiane by helicopter to visit Lao troops at the border. This indicates that the fighting will continue.

Chawalit Seeks Talks

BK260259 Bangkok *THE NATION* in English
26 Dec 87 p 1

[Text] Army Commander-in-Chief Gen Chawalit Yongchaiyut wants Thai-Lao talks to be held to settle the current border dispute in Phitsanulok, the army spokesman said yesterday.

Maj Gen Narudon Detpradiyut quoted Chawalit as saying Bangkok should send a delegation to talk with Vientiane, if the Lao side cannot send its team to Thailand.

The spokesman said the Foreign Ministry should carry out the negotiations, while the army will continue its operations to push the Laotian intruders back into Laos as soon as possible.

Narudon also reaffirmed that the disputed area in Chat Trakan District of the northern province is in Thailand and that Thai forces will not pull out from the area.

Clashes were still reported sporadically on the border point, though Thai forces have driven out most of the Laotian intruders, he said.

Thai troops have cut off Lao supply routes, added Narudon, predicting that the Laotians would retreat into their communist homeland soon.

Laotian ambassador to Thailand, Kamphan Simmalavong, Sunday night approached Chawalit for discussions, which included the border dispute.

Kamphan reportedly told Chawalit that Laos wanted to settle the problem through peaceful talks.

Foreign Minister Sitthi Sawetsila has criticized the Laotian ambassador's act as inappropriate and violating protocol.

Laos' official news agency yesterday charged that three Thai warplanes this week bombed Lao troops on two disputed hills near the Thai-Lao border for the second time.

"At 10.40 hours on Dec 23, three Thai jet aircraft bombed Lao territory at hill 1428 and then at 11.20 hours Thai planes bombed hills 1428 and 1370 of Laos," KHAOSAN PATHET LAO reported.

Vientiane has laid claim to the two hills, but Bangkok insists they are on Thai soil in accordance with the 1907 Siam-France Treaty.

Thailand last week displayed maps showing the disputed area was about 1.5 kilometres inside Thai territory.

Laos reported a similar air attack in the same area last week. In both cases the reports made no mention of casualties or damage.

Laos also reported that "the Thai army fired hundreds of 105 mm and 155 mm artillery shells" at the Lao troops dug in on the hills.

A Lao Government spokesman said "This is the most serious violation of Lao territory by Thailand in the 12 years since diplomatic relations were renewed between the two countries."

"However, despite the incident at Boten District, the Lao government will persist in the search for a solution to the problem through negotiation," the spokesman was quoted as saying.

The Lao news agency also said that the Lao representative at the United Nations had asked Secretary General Javier Perez de Cuellar to help settle the conflict.

It said the UN Secretary General had "expressed his concern over the situation, saying he would try to urge both sides to settle the conflict between Thailand and Laos by means of negotiations."

NSC Chief on Border Problems

BK270100 Bangkok *THE NATION* in English
27 Dec 87 pp 1,2

[Report on 25 December interview with General Suwit-sutthanukun, secretary general of Thailand's National Security Council]

[Text] Thailand's top national security official asserts that the country will continue efforts to improve relations with Laos despite the current border dispute and Vietnam's attempts to drive a wedge between the two countries.

National Security Council (NSC) Secretary General Suwit Sutthanukun, in an interview with *THE NATION* Friday, accused Vietnam of aggravating the dispute over three border hills on an ill-defined Thai-Lao border between Phitsanulok and Sayaboury.

In so doing, he said, Hanoi wants to deter progress in the cementing of Thai-Lao relationship, buying time to gain full domination over the land-locked Indochinese country.

He said the untoward incident broke out just when Thai-Lao relationship had taken a turn for the better since the start of this year.

"We have instituted a number of measures to liberalize bilateral trade, including the elimination of many items of strategic goods, and our prompt response to Lao requests for permission to transport goods through our border check points," he said.

Suwit added that none of the 11 Lao requests was turned down this year.

In addition, governors of provinces bordering Laos also allowed Lao villagers to cross the border to trade at local markets, organized occasionally on the Thai side to promote people-to-people transactions, Suwit said.

The NSC chief said the four border hills should not become a bone of contention between the two countries because it is clear from both the French and American maps that it is inside Thailand.

"From my observations, it's become a pattern that whenever our relationship improves, a border incident would erupt," he said.

Suwit said despite the incidents, Thailand will continue striving to prove its sincerity to live peacefully with Laos and Vietnam.

"It will take time to prove our sincerity to the Lao people, the Lao government, Hanoi and the international community, but we will not give up," he said.

Suwit dismissed allegations that Thailand has an expansionist policy toward Laos.

"I can assure you that from our in-house policy-making talks with which I have been familiar through my long service here, we have never thought of annexing a territory from a neighbour," he said.

Suwit also said that in the end, negotiations between the two countries to settle the border dispute would be inevitable.

But he added the negotiations should take place only in an atmosphere that will be conducive to an eventual settlement of the conflict; otherwise it could make things worse.

"It is better to have no talks than to have talks that will break down and end up with hard feelings," he said.

He said it was the basic position of Bangkok to settle the dispute with Laos through peaceful means, but the question is when the meeting should be held.

Army commander-in-Chief Gen Chawalit Yongchaiyut was earlier quoted as calling for peace talks to settle the dispute. He said if Laos refused to send a team here, Thailand can detail a delegation to Vientiane to talk out the problem.

The dispute came into the limelight in the middle of this month when Thai troops launched a major operation to flush out entrenched Lao troops on a number of border hills, to which the two countries lay claim to.

Laos protested what it called Thai air strikes against Lao hills and reinforced its troops in the area. Thai military sources said that Vietnamese troops were also helping Laos in the battle for control of the hills, particularly Hill 1428. The Vietnamese-Laotian force in the battle zone is estimated to total 2,000 men.

Papers Comment on Dispute

BK250959 [Editorial Report] Two Thai-language dailies—SIAMRAT and MATICHON—carry editorials on 24 and 25 December on the Thai-Lao dispute along the border in Phitsanulok Province.

The Bangkok SIAM RAT 24 December issue on page 8 carries an editorial entitled "Violation of Thai Territory." After noting that it is necessary for Thailand to safeguard the small portion of Thai territory which Laos tried to occupy by force and deceit, says: "We agree with Defense Minister Air Chief Marshal Phaniang Kantarat's statement that the every single Lao intruder must be evicted from Thai territory.

"In addition, we support any operation on the part of the Thai Armed Forces to decisively and violently deal with the problem. This is because negotiations based on

geographic and historical facts in order to reach a compromise with Laos—whose people and Thai people have treated each other as brothers—have not yielded any result, and the diplomatic approach has faced interference of a third country. We feel that because Laos is unwilling to accept the real situation and Thai efforts to restore peace, there is only one way out and that is the use of force to settle the dispute.

"We also wish to say that the dispute has hurt the feelings of the Thai people very much because Thai people despise violations of their territory and sovereignty because it undermines their honor, the honor of the government and the Armed Forces."

The SIAM RAT editorial concludes: "We feel that the government has been ignoring the current problem and urge it to decisively and harshly evict all of the intruders"

The 24 December issue of MATICHON carries an editorial on page 5 entitled "Aggressive Stand Regarding the Thai-Lao Relations." It says: "A factual aspect of the problem between Thailand and Laos is that both countries distrust and are suspicious of each other. Thailand views Laos as a communist country and Vietnam's little brother serving the big brother's hostility toward Thailand, while Laos sees Thailand as trying to subvert it. Laos is also haunted by its past."

It continues: "The current problem between Thailand and Laos stems from their conflicting attitude which has caused them to be unable to settle the problem. Therefore, Thailand and Laos must eliminate the wrong attitude they have toward each other, honor and respect each other, and forge a climate and the conditions conducive to dialogue in order to solve the dispute. If they continue to play political games with the aim of destroying each other's image in the eyes of the world they would both suffer, and the only party that would benefit from Thai-Lao animosity is Vietnam."

Concluding, the MATICHON editorial says: "The immediate task for Thailand and Laos is to correct the attitude they have toward each other before proceeding to the negotiating table. Laos must remove its inferiority complex associated with its past, and Thailand must correct its feeling of superiority over Laos. Both countries must think about their close cultural and brotherly ties, respect each other as equals in the present world, and forge a better future and eventually peace between them."

The 25 December SIAM RAT editorial, on page 8, entitled: "The Thai-Lao Problem Is Loathsome," says because Thailand and Laos continue to accuse the each other of territorial violations, using different maps, "they should declare the disputed area demilitarized zone because in such zone it would not be difficult to

know which side is the aggressor if new clashes occur. We say this because we loathe the unending, idiotic, biased and suspicion-filled arguments of both sides.

Is it necessary for countries under different administrative and economic systems to dislike each other to the point of being unable to associate with one another? If this is the case, it should be pointed out that part of the foreign policy says: will associate with other countries irrespective of the difference in political ideology.

"Leaders of most countries usually claim that the present era is the era of survival and that it is necessary to coexist peacefully and sincerely with other countries. But actions of many countries contradict the above remarks. We have not detected sincerity from any country but a lot of hypocrisy. In such a condition peace can not materialize.

"Regarding the latest Thai-Lao dispute, we feel that the media has been exploited for propaganda. People with any intelligence know who are the exploiters and how. Our conclusion is: Please stop all the pretension and do not clamor "we cherish peace."

Chawalit Orders Speed-Up in Leaflets Probe
BK260258 Bangkok THE NATION in English
26 Dec 87 p 2

[Text] Army Commander-in-Chief Gen Chawalit Yongchaiyut yesterday met senior military and police officers to discuss an investigation into the recent distribution of underground leaflets offending the Monarchy.

Chawalit told reporters after the special Internal Security Operations Command (ISOC) meeting held at the Army Auditorium that the officers will later discuss the progress of the investigation.

"We have to wait and see," said Chawalit, declining to disclose whether the police would make any arrest.

Pol Gen Narong Mahanon the police chief, and senior officers from the Special Branch Police briefed Chawalit and other participants on the investigation, said informed sources.

The officers who attended the meeting were from the Police Department, the national Intelligence Office, the Supreme Command and military intelligence units.

The sources said the army chief told all units to coordinate among themselves in the investigation.

Chawalit ordered police and military units to speed up their search for the sources of the leaflets and to institute retaliatory measures, said the sources.

Interior Minister Prachuap Suntharangkun said earlier this month that authorities have already known the sources of the subversive leaflets.

Prachuap said the the Communist Party of Thailand (CPT) was probably behind their distribution, but said some of them were mailed from West Germany.

The armed forces have issued a stern statement denouncing the distributors and threatened to take drastic action against them.

The statement appealed to people to lend no credence to the leaflets, which were spread in Bangkok and other provinces late last month and early this month.

Police have searched some public places and offices for the leaflets and questioned some people, but so far no arrest has been made.

Vietnam

USSR's Chebrikov Concludes Visit 27 December *BK271550 Hanoi Domestic Service in Vietnamese* *1430 GMT 27 Dec 87*

[Text] On 27 December 1987, Comrade Chebrikov, member of the CPSU Central Committee Politburo and chairman of the Soviet State Security Committee, successfully concluded his official friendship visit to our country.

Comrades General Secretary Nguyen Van Linh and Chairman of the Council of Ministers Pham Hung received and held cordial talks with Comrade Chebrikov. Comrade Mai Chi Tho, member of the party Central Committee Political Bureau and minister of the interior, also held talks with the delegation.

The delegation visited a number of economic and cultural projects in Hanoi, Ho Chi Minh City, and the Vung Tau-Con Dao Special Zone.

Afghan Party, State Delegation Arrives

Leaders Welcome Najibullah

BK251441 Hanoi Domestic Service in Vietnamese
1100 GMT 25 Dec 87

[Correspondent's report]

[Summary] "At the invitation of the CPV Central Committee and the SRV Council of State, a party and state delegation of the Democratic Republic of Afghanistan [DRA] led by Comrade Najibullah, general secretary of the People's Democratic Party of Afghanistan [PDPA] Central Committee and President of the Republic of Afghanistan, arrived in Hanoi this afternoon for an official friendship visit to our country. The delegation also includes Comrades 'Abdul Wakil, Politburo member of the PDPA Central Committee and foreign minister of the DRA; Shanawa Tani, Politburo alternate member of the PDPA Central Committee and chief of

the General Staff of the Afghan Armed Forces; 'Abdulahmid Mohtat, vice chairman of the DRA Council of Ministers; and Muhammad Shafi Azimi, DRA ambassador extraordinary and plenipotentiary to the SRV.

"At 1530 precisely, a grand ceremony was held to welcome the DRA party and state delegation at the Chi Linh Square, Hanoi." The square was bedecked with banners and national flags of Vietnam and Afghanistan. Seen beneath a portrait of President Ho Chi Minh mounted in front of the State Bank building was a large red banner bearing a yellow inscription that read "A Hearty Welcome to the Afghan Party and State Delegation" in the Vietnamese and Afghan languages.

"On hand to welcome the DRA high-level party and state delegation were Comrades Nguyen Van Linh, general secretary of the CPV Central Committee; Vo Chi Cong, chairman of the SRV Council of State; many other party, state, and army leaders; representatives of departments, sectors, and mass organizations at the central level and in Hanoi; representatives of the people's armed forces; and a great number of people from all walks of life in the capital. Also present were many members of the diplomatic corps and reporters of domestic and foreign news agencies, newspapers, and radio and television stations.

"The motorcade carrying the DRA high-level party and state delegation slowly pulled up at the square. Comrade General Secretary Nguyen Van Linh, Chairman of the Council of State Vo Chi Cong, and other leaders of our party, state, and army walked to the limousine to greet cordially Comrade General Secretary Najibullah and his entourage. The distinguished guests were then invited to step up onto the dais of honor." [playing of the Afghan and Vietnamese national anthems]

"After reviewing the VPA guard of honor, Comrade General Secretary Najibullah and other distinguished guests were invited by Comrade General Secretary Nguyen Van Linh and Chairman of the Council of State Vo Chi Cong to greet the party, state, and army leaders and representatives of the various departments, sectors, and mass organizations at the central level and in Hanoi who were present to welcome the delegation." [playing of martial music]

"Afterwards, Comrades Nguyen Van Linh, Vo Chi Cong, and other leaders of our party, state, and army cordially received Comrade General Secretary Najibullah and other distinguished Afghan guests at the Government Guest House."

Kabul Reports Arrival

LD252037 Kabul Domestic Service in Dari
1600 GMT 25 Dec 87

[Excerpt] Esteemed Najibullah, president of Afghanistan and general secretary of the PDPA Central Committee arrived this afternoon in Hanoi, the capital of the SRV, heading a high ranking delegation on a friendly official visit to Vietnam and Cambodia.

Esteemed Najibullah and his accompanying delegation were warmly welcomed at Hanoi airport by Nguyen Van Linh, CPV general secretary; Vo Chi Cong, member of the Political Bureau of the CPV Central Committee and president of the State Council of the SRV; other party and state leaders of that country; a large number of Hanoi citizens; and Mohammad Shafi Azimi, ambassador of Afghanistan to Hanoi and the embassy staff. [passage omitted]

According to another report, Esteemed Najibullah and his accompanying delegation were welcomed at Ho Chi Minh Square by Vietnamese party and state leaders, social and political organizations, representatives of social organizations and citizens of Hanoi. At the beginning of the welcoming ceremony the national anthems of both countries were played and then esteemed Najibullah and his accompanying delegation, at the end of welcoming ceremony, moved to the line of spectators. The participants in this ceremony, with the slogans of "Long live friendship between the peoples of Afghanistan and Vietnam" and by waving both countries' national flags, welcomed the guests warmly.

According to another report esteemed Najibullah and the delegation went to their residence and met with party and state officials who had taken part in the ceremony in an atmosphere of sincerity.

Delegation Feted at Banquet
*BK260508 Hanoi VNA in English 1509 GMT
25 Dec 87*

[Text] Hanoi, VNA Dec.25—A state banquet was given here this evening by the CPV Central Committee and the State Council of Vietnam in honour of a visiting Afghan party and state delegation led by Najibullah, general secretary of the People's Democratic Party of Afghanistan and president of the Republic.

It was attended by Nguyen Van Linh, Truong Chinh, Pham Van Dong, Vo Chi Cong, Pham Hung, Tran Xuan Bach, Nguyen Thanh Binh, Doan Khue, Le Quang Dao, and other senior party and state officials.

In their dinner speeches, Nguyen Van Linh and Najibullah praised the close solidarity between the peoples of Vietnam and Afghanistan in the common struggle for independence, freedom, peace and happiness of the people. They expressed satisfaction at the further strengthening and fine development of the friendship and cooperation between the two parties and states.

Later the Afghan distinguished guests attended an art performance held in their honour.

Najibullah Addresses Banquet
*LD262147 Kabul Domestic Service in Dari
1630 GMT 26 Dec 87*

[Text] Esteemed listeners of Radio Afghanistan: The esteemed Najibullah, president of Afghanistan, who is on an official friendly visit to the SRV, attended a reception last night given in his honor at the Vietnamese presidential palace in Hanoi. During this reception the esteemed Najibullah and Nguyen Van Linh, general secretary of the Communist Party of Vietnam Central Committee, exchanged speeches. The esteemed Najibullah said:

Esteemed Comrade Nguyen Van Linh, Esteemed Comrade Vo Chi Cong, friends, and dear comrades: I am very pleased to find the opportunity to visit the beautiful and historic land of Vietnam for the first time. Allow me to deliver the greetings and best wishes of Afghanistan's people to you, friends, and through you to all the heroic people of Vietnam. Permit me to express my appreciation and that of our delegation for the warm welcome and friendly words that have been addressed to our delegation and people.

A visit to revolutionary Vietnam was my great wish. Naturally, our visit to your country and the very useful meeting and talks between us, are the high manifestation of mutually beneficial contacts and unshakeable friendly relations between our parties and the peoples of both countries, and will play a worthy role in strengthening and expanding these relations.

The Afghan people consider Vietnam with profound respect as a most firm anti-imperialist stronghold. This is because the manly and heroic resistance of the Vietnamese people against colonialist and imperialist invaders and then against U.S. imperialism has played a basic and important role in stepping up the liberation struggle in the world, particularly in Asia and the countries of Indochina.

The shameful defeat of U.S. imperialism in Vietnam is a lesson to be remembered by the invaders and warmongers of the world. The victory of the Vietnamese people under the leadership of that great son of revolution and enthusiastic internationalist, the wise leader, Ho Chi Minh, has been transformed into a turning point that awakened the vast masses in Southeast Asia. Your victory has been transformed into a symbol of success for the forces of peace over the forces of war and the victory of good over evil.

The Afghan people will never forget the heroic role of the Communist Party of Vietnam, that of the patriot and founder of the working people's movement in your country, Ho Chi Minh, who left rich experience of the masses' struggle against the imperialist forces. Our people remember Ho Chi Minh's words. There is nothing more valuable than independence and freedom. The Afghan people follow with great joy your achievements

in reviving the national economy, in economic stability, in strengthening your country's defenses, overcoming the consequences of the long war, and laying the material foundations for a prosperous society, particularly after the Sixth CPV Congress, which heralds a bright and prosperous future for Vietnam.

We heartily support the efforts by the leaders of the CPV and your state directed at the restoration of peace in Indochina, especially for the cessation of bloodshed in the people's Republic of Kampuchea. After the proclamation of the national reconciliation policy there, we welcome the first results of the incessant efforts exerted for the restoration of peace and tranquillity in that country. On the basis of our own experience, we are convinced that this policy is the sole alternative to war and the fundamental condition for national revival.

The joint historic statement made in December and signed in Paris by Kampuchean Prime Minister Hun Sen and Norodom Sihanouk is a major example of the fruition of this tremendous idea.

We hope that the concerned parties will approach this initiative with political wisdom. Similarly Vietnam's peace initiative and proposal to improve relations with the People's Republic of China and the ASEAN countries are also of great importance.

Comrades, the real reasons for tension and crisis in the world are obvious to all today. The people of the world, more than at any other time, understand the correctness of efforts by the socialist countries, particularly the Soviet Union, aimed at preserving tranquillity and removing the danger of a nuclear war. Recently we witnessed a big victory in the struggle for the end of the nuclear arms race. The visit of Comrade M.S. Gorbachev to the United States and the constructive talks, the result of which was the signing of a treaty for the elimination of intermediate- and shorter-range missiles, was transformed into an event of international importance. It is supported by all the peaceloving forces of the world, including the people of Afghanistan.

We are confident that, given the blessing of removing the climate of mistrust in the world arena, the result of talks between Comrade Gorbachev and Reagan, the signing of this treaty, the Delhi declaration, and proposals by Comrade Gorbachev in Vladivostok prepare the ground for resolving regional conflicts in the world. We hope this trip is only the beginning of work to resolve the disarmament issue. The Republic of Afghanistan, like the SRV, has an interest in the resolution of all the tense situations in this region, in accordance with the general will of its peoples, by establishing peace and security.

Our people wish that influential forces in Asia and the Indian and Pacific ocean region, would understand the acute need for resolving these problems via talks and diplomacy. We want them to respond positively to the initiatives made by peace-loving countries of this region.

Imperialism, together with regional reactionaries, strives to abuse the continuation of war between Iran and Iraq, the crisis in Central Asia, and tension in Southeast and Southwest Asia to plunder the great financial resources of this big continent.

The war between two Islamic countries, Iran and Iraq, has inflicted huge loss of life and great economic damage to both neighboring countries. The negative phenomena, apartheid, is a shameful stain, and has damaged the culture of the 20th century. The apartheid regime, despite the pressure of public opinion, continues to occupy Namibia. Central America has been transformed into an aggressive ground for the plundering policy of the United States. In this regard the signing of the August treaty, the constructive efforts by Nicaragua aimed at national reconciliation, and the (?continuation) of talks with the (?contras) deserve special importance. The continuation of such tension will have a negative effect on the situation in Third World countries and contribute to the instability of the world economy.

The Republic of Afghanistan follows the policy of peaceful coexistence, friendship between peoples, nonalignment, and observation of the UN Charter, and favors resolving regional conflicts with constructive dialogue.

Dear friends, we have noticed that the party and state leadership and people of Vietnam as our brothers are pleased with our gains and the success of the Afghan people in establishing peace nationwide and in creating favorable conditions for national revival. Despite the continuation and intensification of the undeclared war, as a result of which great financial and material losses have been inflicted on us, the leadership of Afghanistan, following the wishes and will of the people, continues consistently to realize the national reconciliation policy in the country. We are ready to create a national unity government and have proposed for the opposition 28 high state posts to achieve this purpose. In accordance with the will of all the people, we have entered in Afghanistan's Constitution the declaration that the sacred religion Islam is the official religion of Afghanistan. We extended the term of the ceasefire to 15 July 1988. Representatives of the opposition, including commanders of armed groups, have been elected to the local state power bodies. At present, 391 have been elected and are working as heads and secretaries of executive committees at various levels. The trust of people for this policy is growing every day. Since its declaration, more than 100,000 people have returned to the homeland, around 40,000 armed men have laid down their arms, and around 3,000 villages have been peacefully liberated.

The Republic of Afghanistan, as a free and independent country, opened a new way for itself with the endorsement of the new constitution establishing and expanding contacts on an international scale, particularly among Islamic countries and the Nonaligned Movement, and will enjoy further prestige and credit.

Our relations with the Soviet Union, our great northern neighbor, have been based on mutual respect for 70 years, and at present these relations have been raised to a fraternal level.

The Soviet Union stood beside us as a strong bulwark in our hardest days and helped us to rebuff the aggression of imperialism and reaction. The material and technical assistance of the Soviet Union and other socialist countries constitutes an important base for the socioeconomic growth of our country and is the highest expression of internationalism put into practice.

We never miss the opportunity of improving and strengthening our relations with all the Asian countries and the world, especially Islamic and neighboring countries.

We favor establishing friendly relations with our neighbors, Iran and Pakistan, based on good neighborliness. In spite of our constructive and sincere efforts to improve relations with Pakistan, the territory of that country is still utilized as a center for the training and arming of extremist groups against the Afghan revolution. We favor friendly and good relations with our neighbor the PRC, one of the influential countries in the world. We think that strengthening ties with these countries helps peace and security in the region. Our relations with India are satisfactory and are strengthening with every passing day.

We are interested in continuing efforts toward the settlement of the issues concerning Afghanistan in the framework of the Geneva talks. The Republic of Afghanistan has taken long strides to enable the Soviet contingent to return home within 12 months so as to give a fresh impetus to the Geneva process. We hope to witness some serious action by Pakistan in the next round of Geneva talks, so this round may be the last.

Esteemed Comrade Nguyen Van Linh, esteemed Vietnamese friends, I want to say that our present journey to friendly and fraternal Vietnam is not only strengthening the fraternal relations between our people but in the future, too, will play an important role in uniting the defenders of peace and cooperation on our planet.

Allow me to raise my glass to the health and success of Comrades Nguyen Van Linh; Vo Chi Cong, president of State Council; Pham Van Dong, chairman of Council of ministers; and others for the further consolidation of relations between our people, for long lasting peace all over the world, for prosperity, development, and advancement.

Nguyen Van Linh Speech

BK270719 Hanoi Domestic Service in Vietnamese
1100 GMT 26 Dec 87

["Text" of speech by CPV Central Committee General Secretary Nguyen Van Linh at the 25 December banquet held at the Presidential Palace in Hanoi in honor of the visiting Afghan party and state delegation led by Najibullah, general secretary of the People's Democratic Party of Afghanistan Central Committee and president of the Republic of Afghanistan—read by announcer]

[Text] Dear comrade Najibullah, general secretary of the People's Democratic Party of Afghanistan Central Committee and president of the Republic of Afghanistan; dear comrades in the Afghan delegation; and dear comrades and friends:

Today, we are very pleased to have the honor to welcome the Afghan party and state high-ranking delegation led by Comrade General Secretary Najibullah which is paying an official visit to Vietnam.

First of all, on behalf of the entire Vietnamese party and people and on behalf of all Vietnamese comrades who are present here today, I extend my warm welcome to Comrade Najibullah. He has just been elected president by the national congress of the Republic of Afghanistan to resume the lofty tasks of leading the Afghan people to advance on a new historic stage. This visit will mark a new, very fine development in the friendship and militant solidarity between our two fraternal parties, governments, and peoples.

Since the success of the April Revolution of Afghanistan, under the leadership of the People's Democratic Party, Afghanistan has really turned a new page of history, bringing the country from the dark regime of feudalism to a free and independent state in which the people, now true masters of their destiny, have risen up to build a new life.

In less than a decade, through efforts made by the entire party, people and Army plus the whole-hearted assistance of the Soviet Union and other socialist countries and with the sympathy and support of the people of the world, the Afghan people have scored great achievements in the preservation of revolutionary gains, the initial development of the economy and culture, and the improvement of the people's living standards.

The imperialists and reactionaries have joined hands in waging the "undeclared war" and in frantically sabotaging the cause of peaceful construction and stability of the Afghan people, threatening peace and security in Southwest Asia. However, the situation in Afghanistan, as well as in the world, has changed in favour of the forces of peace and progress. The policy of national reconciliation, which is correct, creative and conforms to the reality in Afghanistan, worked out by the People's Democratic Party of Afghanistan and aimed at restoring

peace and stability to the country, has won the support of people of all walks of life in Afghanistan and of world opinion, and has gained positive results.

The Communist Party, government and people of Vietnam fully support this fair and reasonable policy of national reconciliation adopted by the fraternal party and Government of Afghanistan, and firmly believe that your course of national reconciliation will overcome all obstacles and trials and win final victory.

Dear comrades and friends, in the face of the threat of nuclear war caused by the warlike forces, the Vietnamese party and people regard the struggle for preserving peace as our primary task. We support the great efforts made by the Soviet Union towards a comprehensive international security system and a world without nuclear weapons and without violence in international relations. We welcome the INF treaty signed recently by the leaders of the Soviet Union and the United States in Washington.

The Socialist Republic of Vietnam together with the People's Democratic Republic of Laos and the People's Republic of Kampuchea spare no efforts in striving for peace, stability and cooperation in Southeast Asia. We fully support the August 27, 1987 statement on the policy of national concord and the October 8, 1987 statement on a political solution to the Kampuchea problem by the People's Republic of Kampuchea; we welcome the fine success of the recent meeting and the four-point communique between Comrade Hun Sen and Prince Sihanouk in Paris. These developments embody the correct stand and goodwill of the People's Republic of Kampuchea, and create solid grounds for a political solution to the Kampuchea question in the supreme interests of the Kampuchean people, which, in turn, contributes positively to peaceful co-existence in Southeast Asia.

Dear comrades and friends, the people of Vietnam and Afghanistan have closely united against common enemies for their independence, freedom and happiness. We greatly rejoice to see that since the victory of the April Revolution of Afghanistan, friendship and cooperation between the two parties and countries have been strengthening and developing continually. This visit of the Afghan party and state delegation headed by General Secretary Najibullah is a vivid example of the militant solidarity and fraternal friendship between the parties and people of the two countries.

On this occasion, on behalf of the party and people of Vietnam, I would like to express our sincere gratitude to the People's Democratic Party and people of fraternal Afghanistan for their precious support and sympathy in the struggle waged by the party and people of Vietnam for independence and freedom in the past as well as our national reconstruction and defense at present.

We hope that during your visit to Vietnam, you will see more clearly our people's profound sentiment toward the land, people, and the revolutionary cause of the fraternal Afghan people.

I wish your visit splendid success.

I propose a toast to the growing friendship and cooperation between our two parties, government, and people.

I wish comrade General Secretary Najibullah and his entourage good health, and I wish all comrades and friends good health

Report on Talks Held

*BK270332 Hanoi VNA in English 1554 GMT
26 Dec 87*

[Text] Hanoi VNA Dec.26—A Vietnamese party and state delegation led by Nguyen Van Linh, general secretary of the Communist Party of Vietnam Central Committee, held talks here today with an Afghan party and state delegation led by Najibullah, general secretary of the People's Democratic Party of Afghanistan Central Committee and president of the Republic of Afghanistan, now on an official visit to Vietnam.

Present on the Vietnamese side were Vo Chi Cong, Politburo member of the CPV Central Committee and president of the State Council; Tran Xuan Bach, Politburo member and secretary of the CPV Central Committee; Doan Khue, Politburo member of the CPV Central Committee and chief of the General Staff of the Vietnam People's Army; Nguyen Khanh, vice chairman of the Council of Ministers; Hoang Bich Son, head of the CPV Central Committee's International Department; and Dinh Nho Liem, acting foreign minister.

On the Afghan side were 'Abdul Wakil, Politburo member of the People's Democratic Party of Afghanistan Central Committee and foreign minister; Shahnawa Tani, alternate Politburo member of the P.D.P.A Central Committee and chief of the General Staff of the Afghan Army; 'Abdulhamid Mohtat, vice chairman of the Council of Ministers; and Afghan ambassador to Vietnam M.S. Azimi.

During the talks, the two sides informed each other of the situation in their respective country, and exchanged views on the issues of mutual concern aimed at further strengthening the friendship and cooperation between the two parties and two states, thus contributing to maintaining peace, security, friendship and cooperation in the region and all over the world.

Further on Najibullah Talks

*LD270635 Kabul BAKHTAR in English 0418 GMT
27 Dec 87*

[Text] Hanoi, December 26, BAKHTAR—Talks between Dr. Najibullah, president of the country and general secretary of the PDPA CC [People's Democratic Party of Afghanistan Central Committee], visiting Vietnam, and Nguyen Van Linh, general secretary of the Central Committee of the Communist Party of Vietnam opened here today.

The talks focus on issues of developing relations between Afghanistan and Vietnam as well as international matters of mutual interest.

The Afghan president and his entourage accompanied by some high-ranking party and state Vietnamese officials, laid wreaths of flowers on Ho Chi Minh Mausoleum. The Afghan delegation also visited the residence and office of late Ho Chi Minh.

Dr. Najibullah took part in a reception given in his honour by Nguyen Van Linh during which speeches were delivered by the leaders of the both countries.

Dr. Najibullah spoke highly of the efforts made by the Socialist Republic of Vietnam, the Lao People's Democratic Republic and the People's Republic of Kampuchea for strengthening peace and security, developing goodneighbourly cooperation in South East Asia, for ending bloodshed in Kampuchea. We fully support the national reconciliation policy proclaimed by the government of the People's Republic of Kampuchea and welcome its first results, he stressed. We can say from our experience that this policy is the sole alternative to war and the main prerequisite for national renaissance.

Nguyen Van Linh, general secretary of the Communist Party of Vietnam Central Committee, pointed out the great successes of the Afghan people in economic and cultural construction, in the fight against the intrigues of imperialism and reaction, which are waging an undeclared war against the republic. He declared full support by the Communist Party of Vietnam, the government and people of Vietnam for the policy of national reconciliation pursued in Afghanistan, and expressed confidence of its success.

The leaders of the two countries unanimously welcomed the treaty on the elimination of intermediate and shorter-range missiles signed during the Soviet-American summit meeting in Washington. They pointed out in their speeches that the treaty was an outcome of the tireless efforts made by the USSR and other Socialist countries aimed at creating an all-embracing international security system, at delivering the world from the nuclear weapons. The Soviet Union's constructive initiative spelled out by Michail Gorbachev, general secretary of the CPSU Central Committee, in his speech in

Vladivostok, the principles placed on record in the Delhi declaration contribute towards creating an atmosphere of trust in the world, show ways towards the resolution of regional conflicts.

Nguyen Van Linh Attends Rally

*BK271345 Hanoi Domestic Service in Vietnamese
1100 GMT 27 Dec 87*

[Text] According to a Voice of Vietnam Radio correspondent, a grand meeting was held at the Vietnam-USSR friendship cultural and labor palace in Hanoi this afternoon by the Hanoi Municipal Party Committee and People's Committee to welcome the party and state delegation of the Republic of Afghanistan led by Comrade Najibullah, currently on an official friendship visit to our country.

Comrade General Secretary Nguyen Van Linh, Comrade Chairman of the Council of State Vo Chi Cong, and many other party, state, and military leaders attended the meeting and participated in its presidium. Also present were many other comrades representing various organs, sectors, and mass organizations at the central level and in Hanoi and the armed forces and people of all strata in the capital.

Following the opening speech by Chairman of the Council of State Vo Chi Cong, Comrade Tran Tan, chairman of the Hanoi Municipal People's Committee, delivered a speech welcoming the delegation. Next, Comrade Najibullah, general secretary of the People's Democratic Party and president of the Republic of Afghanistan addressed the meeting.

Najibullah Addresses Rally

*LD272318 Kabul Domestic Service in Pashto
1530 GMT 27 Dec 87*

[Text] The gigantic Afghan-Vietnam meeting was held today in the trade unions building in Hanoi. The meeting was held on the occasion of the visit of the esteemed Najibullah and delegation to Vietnam. The delegation has been officially inviged to the country. The meeting was attended by the general secretary of the CPV Central Committee; Le Quang Dao, and Vo Chi Cong, member of the Political Bureau of the CPC Central Committee and chairman of the State Council of Vietnam, and other party and state leaders.

Vo Chi Cong in his opening speech noted that the visit of the leader of the Republic of Afghanistan to Vietnam would help the development of friendly cooperation and relations between the two countries. Then Tran Tan, president of the Executive Committee of the people's representative of Hanoi said that this trip was the symbol of moral solidarity and fraternal friendship between Afghanistan and Vietnam. He said that this visit would have an important role in the consolidation of peace and security in the Pacific and Asia and in the expression of cooperation.

The esteemed Najibullah said: Dear comrades and friends, our internationalist fraternal friendship and cooperation and solidarity play the vanguard role in the fate of those people who fight for freedom, progress and new life. Our people have learned through experience who are their enemies and who are their friends. Our people know well the meaning of friends' assistance and solidarity and support. We happily notice that cooperation and friendly relations keep strengthening and developing between our countries. You, dear members of the Afghan-Vietnam society, play an important role in the expansion of these relations. Cooperation at government level is a laudable act but true, profound and close friendship between people is only possible when relations among the common people are based on direct contacts and so are consolidated. This is clearly people's diplomacy. It is such a knowledge of people that helps mutual relations in the world and with the (?consolidation) of peace. I am sure that there are many facilities and treasures in the activities of your society. Our people are interested in your ancient culture and country. We face similar and to some extent different problems. Your new proposal and initiatives regarding the establishment of links and [word indistinct] of realtions have been warmly welcomed. Our people, your best friends, also have good proposals and ideals. The standard of our relations can have separate characteristics: from exhibitions to organizing popular culture.

A few words about Afghanistan. Our people are constructing a new society in the difficult situation of an undeclared war. For 9 years the war imposed by imperialism and the region's reactionary regime has continued in our country. The People's Democratic Party of Afghanistan has reached the conclusion that the continuation of war necessarily led to a lack of national support and the decimation of the people. Therefore we came to the conclusion that it is necessary to stop war through national unity and reach a peace to safeguard people and the future of the country. So we chose and implemented the policy of national reconciliation. This policy has confronted many problems. Imperialism and counterrevolutionary extremists intensified their war against us. But we have realized that the people support this policy and that national reconciliation has become the work of all people. Dear friends, I thank you for your ever increasing participation in the friendship between Afghanistan and Vietnam. Until meeting you next in Afghanistan, long live the friendship of the people Afghanistan and Vietnam.

Cooperation Treaty Signed

*BK280910 Hanoi VNA in English 0747 GMT
28 Dec 87*

[Text] Hanoi VNA Dec 28—A treaty of friendship and cooperation and other agreements and a protocol between the Socialist Republic of Vietnam and the Republic of Afghanistan were signed in Hanoi this morning.

Nguyen Van Linh, general secretary of the Communist Party of Vietnam Central Committee and head of the Vietnamese party and state delegation, and Najibullah, general secretary of the People's Democratic Party of Afghanistan Central Committee and president of the Republic, signed the treaty of friendship and cooperation.

Nguyen Khanh, member of the CPV Central Committee, vice-chairman of the Council of Ministers, and 'Abdulahmid Mohtat, member of the PDPA Central Committee, vice-chairman of the Council of Ministers, signed an agreement on cultural and scientific cooperation between the two governments for the 1987-89 period.

Vietnamese Vice-Foreign Minister Nguyen Dy Nien and Afghan Ambassador to Vietnam M.S Azimi signed a consulate agreement and an agreement on visa exemption for citizens of Vietnam and Afghanistan.

Vice-Foreign Minister Nguyen Dy Nien and Muhammad Sakhi Daneshjo, vice-foreign minister and advisor to the Foreign Ministry of Afghanistan, signed a protocol on cooperation between the two Foreign Ministries for the 1987-1992 period.

Present at the signing ceremony were, on the Vietnamese side, Vo Chi Cong, Tran Xuan Bach, Nguyen Thanh Binh, Doan Hue, Nguyen Van Chinh, Hoang Bich Son, Dinh Nho Liem, Tran Van Quang and other senior party and state officials, and on the Afghan side, 'Abdul Wakil and Shanawa Tani.

General Secretary Najibullah and his party left here for Ho Chi Mi City this morning.

Present at the farewell ceremony held at the Presidential Palace were Nguyen Van Linh, Vo Chi Cong, Tran Xuan Bach, Nguyen Thanh Binh, Doan Khue, Nguyen Khanh, Dinh Nho Liem and other Vietnamese senior officials.

Pham Hung Speaks at Plenum Closing

*BK231005 Hanoi Domestic Service in Vietnamese
1100 GMT 22 Dec 86*

[Text] Dear friends: The Council of Ministers held its plenum on 19-20 December to review the 1987 work and discuss 1988 tasks. Council of Ministers Chairman Pham Hung addressed the plenum.

In his speech at the opening session, he pointed out the objective of the plenum, namely, letting the participants, especially leading administrative cadres at localities, contribute ideas to reviewing the 1987 guiding tasks and the 1988 work program of the Council of Ministers. Chairman Pham Hung also stated: This plenum plays a very important role in renovating and enhancing the work quality of the Council of Ministers and our administrative mechanism in the days ahead.

Afterward, the chairman expressed a number of ideas for discussion and exchange of views by those attending the plenum. He stressed: It is necessary to assess correctly results of the work performed, while properly admitting deficiencies, shortcomings, and difficulties encountered in carrying out the work which must be done to strive resolutely and vigorously in fulfilling these tasks more satisfactorily. We must resolutely carry out renovation in order to surge forward and catch up with the requirements of the situation, and gain ground in implementing tasks set forth by the party congresses. We must continue to renovate our thinking, especially economic thinking, and restructure the organization, cadre-related task, and work style and method of all individuals and the administrative system of the country. We must resolutely renovate the economic management system, eliminate the bureaucratic centralism and state subsidies system, and shift to the socialist accounting and business system. We must strengthen coordination between the Council of Ministers and people's committees of provinces, cities, special zones, and grass-roots units in order to ensure smooth cross-section relations in administration; enable the state administration to make prompt, decisive, and correct decisions while eliminating work methods which cling to bureaucratic centralism, conservatism, and sluggishness. In the spirit of putting the people first, various administrative echelons must establish firm relations with mass organizations and the people. Through these relations, they must realize the combined strength of the dictatorship of the proletariat system. They must, under the leadership of party committees, create favorable conditions for the people and administrative organizations to inspect and control the guiding work; stir up the people's revolutionary movement, and triumphantly carry out the party lines and policies.

At the closing session of the plenum, Chairman Pham Hung delivered a speech, the full text of which follows:

Dear comrades: Our plenum has achieved satisfactory results. During the past day and more, you comrades have contributed many valuable ideas to the review of the 1987 tasks and the 1988 work program of the Council of Ministers. On behalf of the Council of Ministers, I sincerely commend you, comrades, for your frank, constructive criticism and ideas on the work of the Council of Ministers which have manifested the collective responsibility and a renovated spirit. In expressing your views, comrades, you have affirmed that during the past year the Council of Ministers has made great efforts which have effected changes and progress. Generally speaking, achievements in guiding and implementing tasks are still low. This situation was due to the following two main points:

First, our general management mechanism is still in the renovating process. The old management system—the system with irrational and backward factors—has not been eliminated, and while the new system is taking shape, it has not widely developed.

Second, the Council of Ministers itself has not been really renovated in terms of functions, apparatus organization, work style, procedures, and methods. It is because of this that, although we have worked hard, our efficiency has remained low. In the near future, the Council of Ministers and the administrative system at all levels will face ever weightier tasks. To help change the country's socioeconomic situation, we must institutionalize the party resolutions, translating them into systems, policies, and laws in a more expeditious and correct fashion and organizing their implementation more efficiently. We must lead and manage more comprehensively all aspects of social life and satisfactorily deal with and promptly settle immediate tasks. At the same time, we must devote more time and energy to studying and resolving basic, long-term issues step by step, clearing up the difficulties which affect the entire country and economy while guiding efforts to resolve more quickly a more of the entanglements in each domain, locality, and so forth. We have now reached a point that without renovation and increasing work efficiency we will not be able to fulfill our duties and shoulder a large amount of work.

To raise the efficiency of the Council of Ministers and of the administrative machinery as a whole, at all levels, we must actively contribute to promoting the renovation of the general management mechanism; continue to do a good job in implementing the resolutions of the second and third party Central Committee plenums, especially the resolution of the fourth party Central Committee plenum which concluded recently; and thoroughly understand the guiding thoughts of Comrade General Secretary Nguyen Van Linh as stated in his opening speech at the fourth plenum.

We must renovate the work of the Council of Ministers itself, renovate the relations between the system of administrative organizations and the party, mass, production, and business organizations; between the Council of Ministers and the people's committees at various levels, first of all the provincial, municipal, and special zone people's committees. We must satisfactorily resolve all these issues step by step. As for the activities of the Council of Ministers in particular, I would like to stress the following points:

The Council of Ministers must correctly perform its state management function and get out of the habit of taking over tasks which are the managerial responsibility of localities and the professional managerial responsibility of production and business organizations. Only in this way will the Council of Ministers have the time and energy it takes to fulfill satisfactorily the very important functions which are its own responsibility and which we have failed to perform adequately for quite a long time now in the fields of strategic construction; project drafting and planning; system, policy, and law formulation; organization and apparatus building; settlement and resolution of issues relating to the entire country and interdepartmental issues; control and inspection; review of past work from which to draw and disseminate

experience, and so forth. Also, only in this way will the state management organs be able to promote the renovation of the general management mechanism and avoid violating the right of basic units to autonomy in production and business.

We must carry out a rational division of labor, clearly dividing and defining responsibilities to ensure that every task is placed under the guidance of a specific person and, at the same time, avoid all duplication and overlapping of duties, ensuring the unity of leadership and guidance while guaranteeing the right to take initiative and the leadership effectiveness of each comrade member of the Council of Ministers standing committee and the leadership of each ministry. In this respect, last year the Council of Ministers Standing Committee strove for improvement, but it still needs to continue making more improvement.

We must renovate our work style and procedures. In particular, we must fundamentally renovate the formulation of systems and policies. We must prepare programs and decisions to accelerate the tempo and raise the quality of this work. The comrade members of the Council of Ministers Standing Committee and comrade ministers must devote more time and energy to directly guiding the formulation of systems and policies.

In their theoretical studies the comrade members of our Council of Ministers must apply themselves to the study of party resolutions, lines, and policies. In managerial work, they must strive to delve into reality and pay attention to guiding the review of practical experiences, really develop new ideas and concepts, enhance their capability to institutionalize and concretize party policies, and enhance efficiency in organizational, guidance, and managerial work. They must give their mind to consolidating the apparatus which assists the Council of Ministers in its work, namely the Council of Ministers Office, drawing into it competent cadres well versed in theoretical and practical work and equipped with high professional skills and good general knowledge so as to renovate the operations of this office and of the information system serving the leadership. You comrades in the localities should do the same.

We should strengthen and promote better the relations between the Council of Ministers and provincial, municipal, and special zone people's committees. This is a responsibility of the Council of Ministers Standing Committee and also of the comrade ministers and the comrade local administrative leaders. Concerning this question, we will study the suggestions of various comrades in order to do a better job in the future.

These are my opinions on the direction in which the work of the Council of Ministers should be renovated. I hope that the comrade leaders of the various ministers and provincial, municipal, and special zone people's committees will pool their thoughts so as to concretize their renovation efforts. With regard to the concrete

suggestions you made at this conference, I have taken note of them on behalf of the Council of Ministers and promise that we will continue to select those suggestions which are correct and realistic and have a creative content for application in the process of renovating our work. On some essential matters we will give our answers to the comrades concerned.

We will also pay attention to the opinion expressed by many comrades that in the near future the Council of Ministers should concentrate on satisfactorily guiding the resolution of two pressing issues, namely food and the management of import-export and foreign currency. Following this conference, the Council of Ministers Standing Committee will base itself on the opinions expressed by you today and the suggestions discussed by the Council of Ministers Standing Committee at its recent meeting to supplement and revise the review of the Council's 1987 work and its work program for 1988, and will forward the result to the organs of party and state leadership for their information. We will also send these documents to all of you, on the one hand to provide you with a basis for monitoring, supervising, and prodding the Council of Ministers and its Standing Committee to improve their work, and on the other hand to give you something to rely on in organizing the review of the work of your own sectors and localities.

Editorial on Improving Management Cadres
BK161431 Hanoi Domestic Service in Vietnamese
2300 GMT 14 Dec 87

[NHAN DAN 15 December editorial: "Rearrange the Contingent of Management Cadres at the Grassroots in Accordance with the Perfection of the Product Contract System"]

[Text] Agricultural cooperatives and collectives are socialist collective economic units. Shifting the management mechanism to socialist business and accounting and applying the product contract system to cooperative member families requiring essential conditions and materials for production and management work. To fulfill this task, it is necessary to have a contingent of capable economic management cadres at the grass roots.

On the agricultural production front, we have a large number of economic management and technical cadres working at production establishments. Progressive cooperatives and collectives now have a contingent of relatively capable leading cadres to handle economic management effectively. These are dynamic, creative, and active cadres who have sufficient courage to think, work, and take responsibility, and who are able to apply a suitable work method to obtain high results in their tasks. At these places, laborers have permanent jobs, production is developing, the people's daily life is improving, and the rural conditions are changing. Many grass-roots units, however, have experienced a poor and incapable contingent of cadres. When encountering difficulties, these cadres would consider only their own

interests, neglecting the collective's interest and they would resort to a nonspecific contract method. Some degenerate cadres have even formed gangs, created disunity, and oppressed the people. Other cadres took advantage of their authority to carry out corruption and steal public properties to illegally amass wealth for themselves.

To have a thorough understanding of the Sixth CPV Congress resolution on renovating thinking, especially economic thinking, and on renovating organization, the contingent of cadres, leadership style, and work method, it is necessary for cadres at grass-roots units to acquire skills in organizing production and managing business, while maintaining their moral and revolutionary ethics and striving to win the people's confidence. In strengthening the capability of cadres at production establishments, it is necessary to combine this task with the campaign to purify and enhance the militant strength of party organizations and state machinery and to promote healthy social relations. Provinces and districts must help cooperatives and production collectives to improve and strengthen the quality of their cadres. They must reclassify cadres, pointing out weak and capable ones, while resolutely dealing with those degenerate and passive cadres who are party to embezzlement and violate the people's right to mastery.

We must promptly replace conservative and lazy cadres who fail to fulfill their tasks with capable and competent ones. The economic management mechanism at cooperatives and production collectives must be perfected and well-organized. It must be a mechanism that is capable of fulfilling production and business tasks and stabilizing the people's daily life.

In perfecting the product contract system in agriculture, cooperatives and production collectives must link the responsibility of the management cadres with the final product. They must use the scale of economic activity and production capability and business of each unit as a basis by which to set wages for each position so as to satisfactorily ensure the interests of management cadres.

Most of the management cadres at grass-roots units are ex-service men or retired officials; some have been transferred from party task positions to economic management positions. As a result, in training and fostering their skills we must pay special and consistent attention to the development of their skills—particularly economic management, scientific and technical skills. Localities should use research and experience relative to the duties of a position as the basis for the organization of long- and short-term training programs for these cadres. The training program should be renovated in accordance with the spirit of the Sixth CPV Congress resolution and other party and state directives and resolutions.

By enhancing the quality of management cadres at economic organizations and collectives we will realistically contribute to renovating the management mechanism in agriculture. This is a responsibility of all echelons and sectors concerned from the central to local levels.

VNA Reports Christmas Celebrations

*BK241617 Hanoi VNA in English 1454 GMT
24 Dec 87*

(Text) Hanoi VNA OANA December 24—Christmas 1987 was joyfully celebrated in all the churches throughout Vietnam.

In Hanoi large crowds of Catholics and Protestants and foreign Christians attended masses at the Hanoi Cathedral and parish churches.

The administration and Fatherland Front organisations in all parishes in the capital city have sent delegations to visit the Catholic families with meritorious services to the country.

In the Red River Delta province of Ha Nam Ninh, a main Catholic centre in the country, over 520,000 Christians went to the diocese and parish churches to attend the main service. On this occasion the Reverend Nguyen Chu Trinh, chairman of the provincial chapter of the Committee for Solidarity of Patriotic Vietnamese Catholics, was awarded the Resistance Order in acknowledgement of his services in the anti-U.S. war of resistance.

Australia

Talks Held With Soviets on Defector

BK240622 Melbourne Overseas Service in English
0500 GMT 24 Dec 87

[Text] Australian and Soviet officials are discussing the fate of a Soviet man who has taken refuge in the Australian High Commission compound in the Indian capital, New Delhi. Mr Aleksandr Babiy, who is described as biologist, has been at the Australian mission since last Friday when he went missing from a tour group in New Delhi.

He has indicated he wants to live in Australia. However, India does not formally recognize political asylum and Australian officials say they are discussing a solution to the problem with the Soviets.

Minister on Japanese Agricultural Markets

BK240945 Melbourne Overseas Service in English
0803 GMT 24 Dec 87

[From the "International Report" program]

[Text] The Australian Government is increasing the pressure it is applying to Japan to liberalize its agricultural markets. Both the prime minister, Mr Hawke, and the minister of primary industry, Mr Kerin, have made pointed attacks on Japan in recent weeks for what Mr Hawke describes as economic hypocrisy.

[Begin Kerin recording] We have in Japan today a far greater awareness of the realities of world trade, the major economic imbalances, the fact that world economic leadership is falling more on Japan's shoulder, that there are big problems with the U.S. economy, and, therefore, I think it's very important for me to register our views as firmly as I can. [end recording]

Australia's primary industry minister, John Kerin, who this week launched a scathing attack on Japan over the issue of Japanese barriers to sales of Australian beef. Mr Kerin says recent talks on a new Australia-Japan beef access agreement have reached an impasse because Japan does not genuinely support trade reform. The comments follow the line taken by the prime minister, Mr Hawke, when he visited Tokyo earlier this month and said Australia's economy was the victim of hypocrisy by Japan, United States, and Europe. He said these countries would preach to Australia and the Third World about the need to apply sane economic policies but would not apply the same rational trading approach to their own economies.

Mr Kerin's anger was provoked by the start of beef access talks in Tokyo last week. He said Japanese officials were not prepared to discuss the liberalizing of beef access no matter how gradual or limited. The primary industry minister said this was disappointing because during talks last month, the new prime minister, Mr Takeshita, had given assurances on Japan's commitment to freer international trade.

[Begin Kerin recording] I'm attacking the fact that they just simply put up the barriers completely and the good vibes and the good moods that were in evidence when we were up there last time seem to have gone to some degree, and I just think, really, it's coming back into the hands of the officials, and that means that there is going to be need for quite a bit more politics. [end recording]

Japan is Australia's biggest trading partner, but Canberra fears that Tokyo might be prepared to sacrifice Australia's interests in order to deal with the major trade imbalance Japan has with United States. Japan has given repeated assurances to the Hawke Government that traditional suppliers will not suffer because of pressures from Washington. But Mr Kerin says it is clear that in the beef trade, America is being offered special treatment.

[Begin Kerin recording] The way I catch the whole word, liberalization—and that is going to be the key word in all these discussions—the way I catch the word liberalization is in terms of the fact that there is positive discrimination against us vis-a-vis United States, and ministers of the most senior level have continued to give us assurances that their problems with third countries will not be settled at our expense. And I believe that they mean that when they say that, but the discrimination is there very clearly, and the way to remove that discrimination or bias is by way of liberalization. [end recording]

Antarctic Research May Be Scaled Down

BK240630 Melbourne Overseas Service in English
0500 GMT 24 Dec 87

[Text] Australia's Antarctic Division director says there is likely to be a scaling down of activities next year following the loss of the Antarctic supply ship, "Nella Dan."

Mr Jim Bleasel says the temporary replacement ship, "The Lady Franklin," cannot undertake marine science activity, and a new vessel will not be in service until 1989.

The "Nella Dan," (holed off) Macquarie Island almost 3 weeks ago, still has not been successfully scuttled because of a fire which has broken out on board the hulk. Attempts were made to scuttle the vessel during the night but overheated water pumps on board set the vessel on fire, and she is still afloat.

Kanak Leader Released From Custody

*BK280718 Hong Kong AFP in English 0701 GMT
28 Dec 87*

[Text] Noumea, Dec 28 (AFP)—New Caledonian Kanak independence leader Yeiwene Yeiwene was released from custody Monday as protests broke out across the territory demanding an end to legal proceedings against separatists.

Mr. Yeiwene, vice-president of the Kanak Socialist National Liberation Front (FLNKS), said he was "more determined than ever" to fight for the French Pacific territory's independence and urged separatists to defy court orders.

The independence leader was set free as security forces fired tear gas to disperse up to 200 protestors outside the law courts near central Noumea.

Mr. Yeiwene was released after an appeals court rejected his detention under charges of inciting to murder, court sources said.

The Kanak leader was remanded in custody Tuesday for saying that the FLNKS would "organize Kanak resistance... to the (French) occupation forces."

The local authorities judged his statements to be tantamount to "inciting to the crime of murder and the crime of willful attack and battery."

But Paris intervened with the public prosecutor here, lodging an appeal in favour of Mr. Yeiwene, according to Overseas Territories Minister Bernard Pons.

Speaking to reporters shortly after his release, Mr. Yeiwene urged fellow militants to ignore police summonses.

"We must fill the jails," he said. "Let the police handcuff you and drag you in front of the judge."

Mr. Yeiwene said he was kept in solitary confinement, but still managed to establish contact with other detained separatists.

The Kanak leader, who also heads the Loyalty Islands Regional Council, said he believed the decision to release him was political and probably not "the judge's own decision."

"When colonial powers are forced to take measures such as they are now, (this means) everything has collapsed," he said, referring to legal proceedings here against separatists, including FLNKS President Jean-Marie Tjibaou.

"Everything's falling apart," Mr. Yeiwene said, adding that the legal proceedings were "rearguard measures" which "will not stop independence."

"I even think they will accelerate independence," he said.

Mr. Yeiwene claimed that New Caledonia was ruled by a French occupation force supported by legal institutions, the army and the Catholic Church.

"The Catholic Church, for example, says it is being apolitical by not denouncing injustices and by not supporting the Kanak people's fight for dignity," he said.

An apolitical stand amounts to supporting injustices, he said, adding: "They don't want change. They want the situation to continue."

Mitterrand Opposed Arrest

*BK240642 Melbourne Overseas Service in English
0500 GMT 24 Dec 87*

[Text] France's President Mitterrand has said the arrest of a Kanak separatist leader in New Caledonia will aggravate problems in the French Pacific territory. The French leader was commenting on the jailing of Mr Yeiwene Yeiwene pending trial charged with incitement to murder and violence. President Mitterrand said it was France's duty to encourage dialogue in New Caledonia between indigenous dissidents and pro-French white settlers, and he criticized the decision to arrest Mr Yeiwene, a deputy leader of the Kanak separatist group—the FLNKS.

The leader of the FLNKS, Mr Jean-Marie Tjibaou, is facing similar charges to Mr Yeiwene. Both men called on Kanaks to arm and defend themselves against violence following the acquittal in October of a group of French settlers of accused of killing 10 Kanaks in 1984.

Papua New Guinea has also criticized the jailing saying the current French actions will not solve New Caledonia's problems.

Islanders Protest Arrest

*BK240658 Hong Kong AFP in English 0518 GMT
24 Dec 87*

[Text] Noumea, Dec 24 (AFP)—Protesters threw incendiary devices at police and tried to block roads and a runway in the Loyalty Islands to protest the arrest of Melanesian separatist leader Yeiwene Yeiwene, police said here Thursday.

Mr. Yeiwene, arrested Tuesday on charges of incitement to murder, is originally from the Loyalty Islands and is president of the Islands' council.

He is vice-president of the Kanak Socialist National Liberation Front (FLNKS) which is calling for independence for the French Pacific Territory of New Caledonia, of which the Loyalty Islands form a part.

Police reinforcements were sent to Mare and Lifou Islands Thursday after some 20 protesters threw incendiary devices at police in Tadine on Mare Island overnight, slightly damaging a car, police said here.

Protesters had also tried to block roads on the islands and the runway at Wanaham Airport on Lifou with stones and branches, but had not stopped traffic, police said.

Separatist sources said they would continue to protest until Mr. Yeiwene was released.

Mr. Yeiwene was remanded in custody Tuesday on charges of incitement to murder follows speeches he and FLNKS leader Jean-Marie Tjibaou made last month in which they promised to "organise Kanak resistance...to the (French) occupation forces" in New Caledonia.

He appeared briefly before an examining magistrate here Thursday and reiterated that he rejected the territory's legal system following the acquittal in October of seven gunmen accused of killing 10 Melanesian separatists, including two of Mr. Tjibaou's brothers, in December 1984.

French President Francois Mitterrand has said that Mr. Yeiwene's arrest was not in line with attempts to calm the situation.

The Justice Ministry in Paris said in a statement that "any public statement on the part of political authorities can only be interpreted by judges in Noumea as pressure on the normal course of justice."

Mr. Mitterrand had said in an interview with French Television Station Antenne 2 that "the government's duty is to use or create every possible opportunity to speed up or achieve calm."

"It is not to stir up antagonism, or aggravate quarrels which will end up badly. It is to facilitate dialogue. It is clear that that decisions such as that which has just been taken on Mr. Yeiwene and which could be taken on Mr. Tjibaou are not in line with this policy."

Mr. Tjibaou added that when he met the president in Paris on December 10 Mr. Mitterrand told him he wished "French justice were applied in New Caledonia as it is in metropolitan France."

Two trade unions in the territory have appealed to the Justice Ministry to carry out an inspection of the New Caledonian Judiciary.

Papua New Guinea

Minister on Australian Control of Media

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[Text] Papua New Guinea's communications minister has stepped up a campaign to rid his country of Australian control over its media and has stated his preference for total government ownership.

The minister, Mr Gabriel Ramoi, created controversy in the November sitting of Parliament when he announced plans to introduce a mass media bill next year to regulate and control all media outlets.

Three of the major media owners in Papua New Guinea are Mr Rupert Murdoch, Mr Alan Bond, and Mr Kevin Perry, all of Australia.

Mr Ramoi says that if Papua New Guinea does not control its newspapers, radio, and television, then the media can never become what he calls great agents for the distribution of national thoughts and ideals.

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